TECNICAS REUNIDAS

CONSOLIDATED ANNUAL ACCOUNTS

Auditors’ Report, Financial Statements at 31 December 2023 and Management Report for financial year 2023

Técnicas Reunidas, S.A. and subsidiaries

Independent auditor´s report
on the Consolidated Annual Accounts
and Consolidated Director´s Report
for the year-ended December 31, 2023

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

AUDIT REPORT OF CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

To the shareholders of Técnicas Reunidas, S.A.:

Report on the Consolidated Annual Accounts

Opinion

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

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

Basis for the opinion

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

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

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

Key Audit Matters

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

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Revenue recognition in long-term contracts and Completed Work Pending Certification (OEPC)

Description

The Group's revenue recognition approach is based on the percentage-of-completion method in accordance with IFRS 15.

This revenue recognition method has been a key matter for our audit as it affects the valuation of the Completed Work Pending Certification (OEPC), which as of December 31, 2023 amounts to 2,205 million euros, and for its application its requires the making of significant estimates, using relevant judgments in relation to the total costs necessary for the execution of the contract, as well as on the amount of claims or variations in the scope of the project that are included, where appropriate, as more revenue from the contract.

The Group has implemented processes and controls to adequately recognize and oversee long-term contracts from the offer phase to closing and during execution. These processes include, among others: project organization, documentation, risk management, financial reviews and reporting, as well as control of the proper application of accounting principles.

The disclosures on construction contracts and, where applicable, significant arbitrations in progress affecting them, arising from disputes with customers and suppliers, are set out to the Notes 2.20, 4.5, 11, 22 and 28 of the attached consolidated report of the 2023 financial statements. Note also provides details of change orders and claims being negotiated with clients at the year-end.

This is treated as a key audit matter given the relevance of the estimates used when recognizing this revenue and the quantitative significance of the revenue.

Audit Procedures

During our audit work, we considered our understanding of the controls applied to the process in which the profit margin on long-term contracts is estimated. Our procedures include, but are not limited to, testing the design, implementation, and operational effectiveness of certain relevant controls mitigating risks associated with the revenue recognition process for this type of construction contracts.

For our substantive testing, we first selected a sample based on quantitative and qualitative criteria such as identifying contracts that are relevant due to either the total selling price, the amount of revenues or margins recognized in the year or by the risk associated with the costs pending to be incurred to complete the contract.

We also sampled the remaining projects.

For all the projects selected, we obtained the contracts in order to read and understand the most relevant clauses and related implications, as well as the project budgets and oversight reports, carrying out the following procedures in relation to the main aspects:

- We analyzed margin trends as regards changes in both the selling price and the total budgeted costs.
- We evaluated the consistency of the estimates made by the Company in the previous year using actual contract data for the current year.
- We recalculated the percentage of completion of each stage of the selected works and compared our findings with the Group's calculation.
- As regards contract modifications and claims being negotiated with clients, we obtained evidence of technical approvals and the status of economic negotiations, as well as third-party expert reports and detailed explanations on the part of Parent Company's management.

Revenue recognition in long-term contracts and Completed Work Pending Certification (OEPC)	
Description	**Audit Procedures**
	• We obtained explanations of the reconciliation of the financial information and the project monitoring reports provided by the project managers. • We obtained documentary support for agreements reached to settle and complete projects. Additionally, with respect to arbitration in progress, we obtained documents attesting to the status of each case at the year-end, events after the reporting period and assessments of the probable outcomes prepared by the Company's management and legal advisors (Note 28 of the consolidated report for the year 2023). Finally, we have verified that the information disclosed in Notes 2.20, 4.5, 11, 22 and 28 of the accompanying consolidated annual accounts for 2023 in relation to the recognition of contract revenue on a percentage-of-completion basis meets the requirements of applicable accounting legislation. The outcome of the procedures performed enabled us to reasonably achieve the audit objectives for which the procedures were designed.

Recovery of deferred tax assets

Description	Audit Procedures
The consolidated balance sheet at 31 December 2023 includes a deferred tax asset balance of €369.5 million, relating primarily to temporary differences arising from losses incurred on foreign operations that will be recoverable by Spanish Tax Group headed by the Parent Company when the regarding companies in question are liquidated. The above amount also includes a balance of €18.4 million corresponding to tax credits (mainly tax losses) that will be recoverable in jurisdictions other than Spain. At the end of the year-end, Parent Company's management prepares projections of project portfolios, revenues and returns per project to assess the capacity to recover the deferred tax assets, taking into account new legislation and updated project returns. These projections were prepared based on the information available at the date the accompanying consolidated financial statements were issued, on applicable legislation (which, among other things, establish limitations on the use of tax credits) and the prior valuation agreement included in Note 26 of the accompanying consolidated annual accounts.	We gained an understanding and analyzed the estimation process undertaken by the Parent Company's directors and management, focusing our procedures on aspects such as: • The preparation of the business plan, which is based substantially on projects in progress, portfolio projects and estimates of new projects to be contracted using historical information, prepared in order to assess the recognition and measurement of, and capacity to recover, the deferred tax assets. The method used to calculate the deferred tax assets. • The method used to calculate the deferred tax assets. • The base information used by Company management to analyze the recoverability of the deferred tax assets, checking that it matches the project estimates employed in other audit areas such as revenue recognition or the going concern principal assessment. We reviewed the documents and historical analysis of project sales and returns supporting the assumptions made by the Parent Company's directors and management in relation to the recovery of deferred tax assets, as well as the Group's sensitivity analysis and its potential impact on recovery periods.

Recovery of deferred tax assets	
Description	**Audit Procedures**
A sensitivity analysis was performed on the critical variables used in the projections, mainly on the estimation of the profitability of future projects, also considering different scenarios in relation to the effects derived from the ruling of the Constitutional Court regarding the limitations set in RD 3/2016 on the application of negative tax bases. In such a way that even in the face of a 25% reduction in the expected average return, the recoverability of deferred tax assets would take place in a period of less than 10 years. The disclosures on deferred tax assets are set out in Note 26 of the accompanying notes to the 2023 consolidated annual accounts. We identified this as a key audit matter because the preparation of these projections requires a high level of judgement relating basically to changes in project projections that affect the estimation of the recovery of deferred tax assets.	We also involved our internal tax specialists in the analysis of the reasonableness of the tax assumptions employed on the basis of applicable legislation to ensure that they are complete and appropriate. Finally, we checked that Note 26 to the accompanying 2023 consolidated annual accounts contains the necessary disclosures on this matter. The outcome of the procedures performed enabled us to reasonably achieve the audit objectives for which the procedures were designed.

Other Information: Consolidated directors' report

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

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

a) Verify only that the statement of Non-Financial Information and certain information included in the Annual Corporate Governance Report, and the Annual Report on Director´s Remuneration, as referred to in the Auditing Act, has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

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

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

Responsibility of the directors and the audit and control committee at the Parent Company for the consolidated annual accounts

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

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

The Parent Company´s audit and control committee are responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

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

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

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

A more detailed description of our responsibilities in relation to the audit of the annual accounts is included in Annex I to this audit report. This description is an integral part of our audit report.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital file of the Single European Electronic Format (EUEF) of Técnicas Reunidas, S.A. and subsidiaries for the financial year 2023 that comprise the XHTML file which includes the consolidated annual accounts for the financial year and XBRL files with tagging performed by the entity, which will form part of the annual financial report.

The directors of Técnicas Reunidas, S.A. are responsible for presenting the annual financial report for 2022 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation). In this regard, the Annual Corporate Governance Report and the Annual Director Remuneration Report have been included by reference in the Consolidated Management Report.

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

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

Additional report for the Parent company’s audit and control committee

The opinion expressed in this report is consistent with what was stated in our additional report to the Company's audit committee dated February 28, 2024.

Contract term

The General Shareholders Meeting held on 28 June 2023 appointed us as the Group's auditors for a period of one year, starting from the year ended December 31, 2022, i.e., for the financial year 2023.

Previously, we were appointed by resolution of the General Meeting of Shareholders as co-auditors together with PricewaterhouseCoopers Auditores, S.L. for the period of 1 year and we have performed the audit work uninterruptedly with PricewaterhouseCoopers Auditores, S.L. as co-auditors since the year ended December 31, 2017.

DELOITTE, S.L.
Registered in the R.O.A.C nº S0692

Original signed in Spanish by
Antonio Sánchez-Covisa Martín-González
Registered in R.O.A.C nº 21.251

February 28, 2024

Annex I to our audit report

In addition to what is included in our audit report, in this Annex we include our responsibilities with respect to the audit of the consolidated financial statements.

Responsibilities of the auditor in relation to the audit of the consolidated financial statements

As part of an audit in accordance with the regulations governing the audit activity in force in Spain, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement in the consolidated financial statements due to fraud or error, design and implement audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement, as fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.

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

- We assess the adequacy of the accounting policies applied and the reasonableness of the accounting estimates and related information disclosed by the directors of the Parent Company.

- We conclude on the appropriateness of the use of the going concern accounting principle by the directors of the Parent Company and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that may raise significant doubts about the Group's ability to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the relevant information disclosed in the consolidated financial statements or, if such disclosures are inadequate, to express a modified opinion. Our conclusions are based on the audit evidence obtained to date from our audit report. However, future events or conditions may cause the Group to cease to be a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including disclosed information, and whether the consolidated financial statements represent the underlying transactions and facts in a manner that gives a true and fair view.

- We obtain sufficient and adequate evidence in relation to the financial reporting of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and conduct of the Group's audit. We are responsible for our audit opinion.

We communicate with the Parent company's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, as well as any significant internal control deficiencies that we identify in the course of the audit.

We also provide the Parent company's audit committee with a statement that we have complied with applicable ethics requirements, including those of independence, and have communicated with the Parent to inform the Parent of matters that may pose a threat to our independence and, where appropriate, the relevant safeguards.

Among the issues that have been communicated to the audit committee of the Parent Company, we have identified those that have been of the greatest significance in the audit of the consolidated financial statements for the current period and that are, consequently, the key issues of the audit.

We describe these issues in our audit report unless the matter is prohibited by law or regulation from being publicly disclosed.

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

TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES

Consolidated financial statements at 31 December 2023 and consolidated directors' report for 2023

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CONSOLIDATED FINANCIAL STATEMENTS FOR TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2023

CONSOLIDATED BALANCE SHEET
(Amounts in thousands of euros)

		At 31 December	
	Notes	**2023**	**2022**
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	19,366	9,539
Other intangible assets	**7**	45,312	46,980
Rights of use on leased assets	**8**	44,357	51,310
Investments in associates	**9**	1,113	1,529
Deferred tax assets	**26**	369,465	409,407
Derivative financial instruments	**10**	-	1,237
Accounts receivable and other financial assets	**10.13**	92,037	95,428
		571,650	**615,430**
Current assets			
Inventories	**12**	6,536	7,740
Trade and other receivables	**10, 11**	2,854,430	3,174,557
Accounts receivable and other assets	**10, 13**	8,511	21,493
Derivative financial instruments	**10**	26,131	37,460
Cash and cash equivalents	**14**	1,033,657	959,680
		3,929,265	**4,200,930**
Total assets		**4,500,915**	**4,816,360**

The accompanying Notes 1 to 34 and Appendices I to IV are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS FOR TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2023

CONSOLIDATED BALANCE SHEET
(Amounts in thousands of euros)

		At 31 December	
	Notes	**2023**	**2022**
EQUITY			
Share capital and Reserves attributable to the Company's shareholders			
Share capital	**15**	8,030	5,590
Share premium	**15**	156,343	8,691
Treasury shares	**15**	(73,833)	(72,909)
Legal reserve	**16**	1,137	1,137
Capitalisation reserve	**16**	-	3,056
Hedging reserve	**10**	10,856	(14,186)
Cumulative translation differences	**17**	(62,822)	(71,885)
Retained earnings	**18**	273,953	211,280
Equity attributable to shareholders		**313,664**	**70,774**
Non-controlling interests	**18**	**10,853**	**12,240**
Total equity		**324,517**	**83,014**
LIABILITIES			
Participating loans	**10, 20**	175,000	175,000
Other non-current liabilities			
Borrowings	**10, 20**	380,758	600,209
Borrowings associated with rights of use of leased assets	**8, 10**	25,746	35,122
Deferred tax liabilities	**26**	66,279	62,001
Other liabilities	**10**	262	255
Employee benefit obligations		3,588	2,274
Provisions for contingencies and charges	**21**	82,054	82,054
		733,687	**956,915**
Current liabilities			
Trade payables	**10, 19**	3,076,251	3,487,476
Current tax liabilities	**26**	17,690	27,432
Borrowings	**10, 20**	305,141	201,922
Borrowings associated with rights of use of leased assets	**8, 10**	19,897	17,279
Derivative financial instruments	**10**	1,058	22,277
Other accounts payable	**10, 19**	22,479	18,763
Provisions for contingencies and charges	**21**	195	1,282
		3,442,711	**3,776,431**
Total liabilities		**4,176,398**	**4,733,346**
Total equity and liabilities		**4,500,915**	**4,816,360**

The accompanying Notes 1 to 34 and Appendices I to IV are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS FOR TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2023

CONSOLIDATED INCOME STATEMENT
(Amounts in thousands of euros)

	Notes	Year ended 31 December	
		2023	**2022**
Revenue	**22**	4,135,152	4,233,370
Changes in inventories		(1,204)	(893)
Procurements	**23**	(3,027,563)	(3,351,765)
Employee benefit expenses	**24**	(544,985)	(480,934)
Depreciation, amortisation and impairment losses	**6, 7 and 8**	(25,940)	(25,863)
Lease and royalty expenses		(38,395)	(36,428)
Other operating expenses	**23**	(351,646)	(343,614)
Other gains or losses	**23**	-	5,718
Other operating income	**22**	11,179	9,150
Profit/(Loss) from operations		**156,598**	**8,741**
Finance income	**25**	25,285	11,492
Borrowing costs	**25**	(37,958)	(24,322)
Finance lease expenses	**25**	(1,205)	(900)
Net exchange differences	**25**	(18,727)	2,273
Other finance costs	**25**	(12,486)	(9,611)
Profit/(Loss) from exposure to hyperinflation	**25**	(7,759)	(6,097)
Share in profit/(loss) of associates	**9**	(416)	(110)
Profit/(Loss) before tax		**103,332**	**(18,534)**
Income tax	**26**	(43,602)	(15,950)
Profit/(Loss) for the year		**59,730**	**(34,484)**
Attributable to:			
Company shareholders		60,952	(37,134)
Non-controlling interests		(1,222)	2,650
		59,730	**(34,484)**
(Loss)/Earnings per share for profit attributable to the equity holders of the Company (expressed in euros per share):			
- Basic and diluted	**27**	0.88	(0.69)

The accompanying Notes 1 to 34 and Appendices I to IV are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS FOR TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Amounts in thousands of euros)

		Year ended 31 December	
	Notes	**2023**	**2022**
Profit/(Loss) for the year		**59,730**	**(34,484)**
Items that may be reclassified to profit or loss			
Cash flow hedges	**10**	33,294	(14,204)
Tax effect		(8,252)	2,640
Cash flow hedges, net of tax		25,042	(11,564)
Exchange differences on translation of foreign operations	**17**	8,898	19,934
Adjustment from application of IAS 29		3,555	4,281
Total items that may be reclassified to profit or loss		**37,495**	**12,651**
Other comprehensive income for the year, net of tax		**37,495**	**12,651**
Total comprehensive income for the year		**97,225**	**(21,833)**
Attributable to:			
Owners of the Parent		98,612	(24,511)
- Non-controlling interests		(1,387)	2,678
Total comprehensive income for the year		**97,225**	**(21,833)**

The accompanying Notes 1 to 34 and Appendices I to IV are an integral part of these consolidated financial statements

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

	Attributable to equity holders of the Company									
	Share capital (Note 15)	Share premium (Note 15)	Treasury shares (Note 15)	Legal and capitalisation reserves (Note 16)	Hedging reserve (Note 10)	Cumulative translation differences (Note 17)	Retained earnings (Note 18)	Equity attributable to shareholders	Non-controlling interests (Note 18)	Total equity
Balance at 01 January 2023	**5,590**	**8,691**	**(72,909)**	**4,193**	**(14,186)**	**(71,885)**	**211,280**	**70,774**	**12,240**	**83,014**
Comprehensive income										
Profit/(Loss) for 2023	-	-	-	-	-	-	60,952	60,952	(1.222)	59,730
Other comprehensive income										
Cash flow hedges, net of tax	-	-	-	-	25,042	-	-	25,042	-	25,042
Adjustment from application of IAS 29	-	-	-	-	-	-	3,555	3,555	-	3,555
Exchange differences on translation of foreign operations	-	-	-	-	-	9,063	-	9,063	(165)	8,898
Total other comprehensive income	-	-	-	-	25,042	9,063	3,555	37,660	(165)	37,495
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**25,042**	**9,063**	**64,507**	**98,612**	**(1,387)**	**97,225**
Transactions with owners in their capacity as such:										
Treasury share transactions (net)	-	-	(924)	-	-	-	913	(11)	-	(11)
Capital increase	2,440	147,652	-	-	-	-	(5,803)	144,289	-	144,289
Other changes	-	-	-	(3,056)	-	-	3,056	-	-	-
Total transactions with owners in their capacity as such	**2,440**	**147,652**	**(924)**	**(3,056)**	**-**	**-**	**(1,834)**	**144,278**	**-**	**144,278**
Balance at 31 December 2023	**8,030**	**156,343**	**(73,833)**	**1,137**	**10,856**	**(62,822)**	**273,953**	**313,664**	**10,853**	**324,517**

The accompanying Notes 1 to 34 and Appendices I to IV are an integral part of these consolidated financial statements.

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

	Attributable to equity holders of the Company									
	Share capital (Note 15)	Share premium (Note 15)	Treasury shares (Note 15)	Legal and capitalisation reserves (Note 16)	Hedging reserve (Note 10)	Cumulative translation differences (Note 17)	Retained earnings (Note 18)	Equity attributable to shareholders	Non-controlling interests (Note 18)	Total equity
Balance at 01 January 2022	**5,590**	**8,691**	**(73,269)**	**4,193**	**(2,622)**	**(96,043)**	**248,556**	**95,096**	**9,562**	**104,658**
Adjustment from application of IAS 29	**-**	**-**	**-**	**-**	**-**	**(29)**	**-**	**(29)**	**-**	**(29)**
Adjusted opening balance at 1 January 2022	**5,590**	**8,691**	**(73,269)**	**4,193**	**(2,622)**	**(96,072)**	**248,556**	**95,067**	**9,562**	**104,629**
Comprehensive income										
Profit/(Loss) for 2022	-	-	-	-	-	-	(37,134)	(37,134)	2,650	(34,484)
Other comprehensive income										
Cash flow hedges, net of tax	-	-	-	-	(11,564)	-	-	(11,564)	-	(11,564)
Adjustment from application of IAS 29	-	-	-	-	-	4,281	-	4,281	-	4,281
Exchange differences on translation of foreign operations	-	-	-	-	-	19,906	-	19,906	28	19,934
Total other comprehensive income	-	-	-	-	(11,564)	24,187	-	12,623	28	12,651
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(11,564)**	**24,187**	**(37,134)**	**(24,511)**	**2,678**	**(21,833)**
Transactions with owners in their capacity as such:										
Treasury share transactions (net)	-	-	360	-	-	-	(142)	218	-	218
Total transactions with owners in their capacity as such	**-**	**-**	**360**	**-**	**-**	**-**	**(142)**	**218**	**-**	**218**
Balance at 31 December 2022	**5,590**	**8,691**	**(72,909)**	**4,193**	**(14,186)**	**(71,885)**	**211,280**	**70,774**	**12,240**	**83,014**

The accompanying Notes 1 to 34 and Appendices I to IV are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS FOR TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF CASH FLOWS
(Amounts in thousands of euros)

	Notes	Year ended 31 December	
		2023	2022
Cash flows from operating activities			
Profit/(Loss) for the year		**59,730**	**(34,484)**
Adjustments for:			
Taxes	**26**	43,602	15,950
Depreciation and amortisation of property, plant and equipment, intangible assets and rights of use of leased assets	**6, 7 and 8**	25,940	25,863
Net change in provisions	**11 and 21**	(4,271)	(17,667)
Share in profit/(loss) of associates	**9**	416	110
Interest income	**25**	(25,285)	(11,492)
Interest expense	**25**	51,649	34,833
Profit/(Loss) from exposure to hyperinflation (IAS 29)	**25**	7,759	6,097
Gains on sales of Group companies and associates	**23.3**	-	(5,718)
Change in gains/(losses) on derivatives	**10**	9,362	38,223
Net exchange differences	**25**	18,727	(2,273)
Changes in working capital:			
Inventories		1,204	(902)
Trade and other receivables		360,119	(595,842)
Trade payables		(420,270)	738,356
Other accounts payable		4,501	(91)
Settlements of hedging derivatives and other changes		15,232	(74,111)
Other cash flows from operating activities:			
Interest paid		(43,188)	(28,266)
Interest received		25,285	11,492
Taxes paid		(47,329)	(16,088)
Net cash flows from operating activities		**83,183**	**83,990**
Cash flows from investing activities			
Acquisition of property, plant and equipment	**6**	(13,970)	(2,653)
Acquisition of intangible assets	**7**	(38)	(109)
Proceeds from sales to Group companies and associates	**25**	-	1,535
Disposal of non-current assets		268	34
Net cash flows used in investing activities		**(13,740)**	**(1,193)**
Cash flows from financing activities			
Borrowings obtained in the year		277,175	461,959
Repayment of borrowings		(401,867)	(232,284)
Lease payments		(20,855)	(20,031)
Acquisition/disposal of treasury shares (net)	**15**	(11)	360
Capital increase	**15**	150,092	-
Net cash flows generated from financing activities		**4,534**	**210,004**
Net change in cash and cash equivalents		**73,977**	**292,801**
Cash and cash equivalents at beginning of year		**959,680**	**666,879**
Cash and cash equivalents at end of year		**1,033,657**	**959,680**

The accompanying Notes 1 to 34 and Appendices I to IV are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS FOR TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2023

Notes to the Consolidated Financial Statements
(Amounts in thousands of euros)

1. General information

Técnicas Reunidas, S.A. (the 'Company' or the 'Parent') and its subsidiaries (together, the 'Group') was incorporated on 6 July 1960 as a public limited liability company. It is registered with the Commercial Registry of Madrid in volume 1,407, sheet 5,692, page 129. The latest adaptation of its Articles of Association is registered in volume 40579, section 8, book 0, page 30, sheet M-72319, entry 262.

On 21 May 2021, the transfer of the registered office of Técnicas Reunidas, S.A. from Arapiles 14, 28015, Madrid, to Avenida de Burgos 89, Adequa, Edificio 6, Madrid, Spain, was registered at the Commercial Registry of Madrid.

The Company's corporate purpose is described in Article 4 of the Articles of Association and consists of the performance of all manner of engineering and construction services for industrial plants, ranging from viability or basic and conceptual engineering studies to large and complex turnkey engineering and design projects, management of supply, equipment and material deliveries and construction of plants and related or associated services, such as technical assistance, construction supervision, project management, technical management, start-up and training.

As part of its engineering services activity, the Group mainly operates in the following lines of business (Note 5):

- Refining
- Natural gas
- Petrochemical
- Low-carbon technologies
- Other

All the shares of Técnicas Reunidas, S.A. have been admitted to trading since 21 June 2006. They are listed on the Continuous Market of the Spanish Stock Exchange (*Bolsas y Mercados Españoles*).

The Group's consolidated financial statements for 2022 were approved without modifications by the shareholders at the Annual General Meeting on 28 June 2023.

These consolidated financial statements were authorised for issue by the Parent's Board of Directors on 28 February 2024. The Parent's directors will submit these consolidated financial statements at the Annual General Meeting, and it is expected that they will be approved without any changes.

2. Summary of the main accounting policies

The main accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1. Basis of presentation

The Parent's directors prepared the Group's consolidated financial statements as at 31 December 2023 in accordance with the International Financial Reporting Standards adopted for use in the European Union (the 'EU-IFRS') and approved by the European Commission Regulations and in force at 31 December 2023, with IFRIC interpretations and with the commercial law applicable in Spain to institutions preparing information in accordance with EU-IFRSs. The consolidated financial statements were prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative financial instruments), measured at fair value.

Unless indicated otherwise, the policies explained below were applied consistently to all years in which these consolidated financial statements are presented.

These consolidated financial statements, which were prepared from the accounting records of de Técnicas Reunidas, S.A. and its subsidiaries, present fairly the Group's consolidated equity and its financial position at 31 December 2023, as well as its consolidated results, changes in consolidated equity and consolidated cash flows for the year ended on that date.

The preparation of these consolidated financial statements in accordance with EU-IFRSs requires the use of certain critical accounting estimates. It also requires Management to make judgements in the application of the Group's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

For information comparison purposes, the Group presents, together with the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the years ended 31 December 2023 and 2022.

The Group presents comparative information in the explanatory notes to the consolidated financial statements when is relevant to an understanding of the current year's consolidated financial statements.

The figures contained in these consolidated financial statements are shown in thousands of euros, unless expressly stated otherwise.

2.1.1. Changes in accounting policies and breakdowns

a) Mandatory standards, amendments and interpretations for all annual periods beginning on or after 1 January 2023:

As a result of their approval, publication and entry into force on 1 January 2023, the following standards have been applied:

- IFRS 17 (New standard): 'Insurance contracts'
- IFRS 1 (Amendment): 'Disclosure of accounting policies'
- IFRS 8 (Amendment): 'Definition of accounting estimate'
- IFRS 12 (Amendment): 'Deferred tax related to assets and liabilities arising from a single transaction'
- IFRS 17 (Amendment): 'Insurance contracts - Initial application of IFRS 17 and IFRS 9—Comparative information'
- IAS 12 (New standard): 'Tax Reform - Pillar Two Model Rules'
- IFRS 16 (Amendment): 'Lease liability in a sale and leaseback transaction'

The application of these amendments and interpretations did not have a significant effect on these consolidated financial statements.

b) Standards, amendments and interpretations that have not yet entered into force but that may be adopted in advance.

- IAS 1 (Amendment) – 'Classification of liabilities as current or non-current, and those subject to covenants'
- IAS 7 and IFRS 7 (Amendment): 'Supplier finance arrangements'
- IFRS 21 (Amendment): 'Lack of exchangeability'

The Group is in the process of analysing the impacts that the new regulations may have on the consolidated financial statements, although they are not expected to be material.

2.2. Significant events

2.2.1. Capital increase

In May 2023, the Parent increased share capital by EUR 150,092 thousand, which was fully subscribed and paid at 31 December 2023. This capital increase is part of its strategy to strengthen its equity and liquidity so as to face the wave of energy and decarbonisation investments that the Group is undertaking with more assurance.

As a result of this capital increase, the Company has strengthened its financial position and solvency. From the point of view of liquidity management, EUR 47.5 million of the capital increase has been allocated to cover debt maturities, and the remaining amount of the capital increase, net of expenses, has been used proportionally to strengthen the Company's cash levels and to finance the operating expenses associated with the launch of the low-carbon technologies segment for a combined amount of approximately EUR 95 million.

It should also be noted that, together with the capital increase, the Company's liquidity position has also been strengthened as a result of the recovery of activity and financial cash flows since the second half of 2022 and especially in 2023; also noteworthy is the progress made on the projects in accordance with the schedules agreed with customers, the smooth execution of recently contracted projects, the progress of ongoing plans to improve the efficiency of the Group's activities, the conversion into cash in 2023 of exchange orders and claims, and the various financial measures taken by the Group in recent periods (most notably the EUR 340 million obtained in 2022 from the Fund for Supporting the Solvency of Strategic Companies). The Group constantly monitors its liquidity needs and ensures that it has the necessary funds to cover its operational requirements.

Against this backdrop, the Parent's directors consider that the Group's liquidity and solvency position will be strengthened in the coming quarters as a result of the ongoing progress on the projects under way, the development of the new portfolio of projects awarded and the conversion into cash of the work performed but not yet billed.

2.2.2. The Conflict in Ukraine

The armed conflict in Ukraine had a significant impact on our operations. On the one hand, as a result of the restrictions imposed by the European Union and other international bodies, the project to be carried out with Gazprom to revamp the Moscow refinery for EUR 234 million was cancelled, with 4.75% of the project having already been completed at the date of cancellation, as activity in Russia is restricted in line with the sanctions imposed.

On the other hand, the conflict in Ukraine has significantly affected the stability of the markets, especially in geographical areas close to those affected by the conflict. This has therefore caused major disruptions throughout the supply chain of the engineering and construction industry in the energy sector. This has mainly resulted in significant instability of suppliers' offers and a lack of availability of resources.

Throughout 2023, the Group reached agreements with the customers of several projects that were most affected by the consequences of the war and its aftermath, and drew up addenda and amendments to the original contracts. This has enabled the Group to mitigate the effects of the conflict on project performance and to carry out the projects in accordance with the margins initially planned.

The most significant effect has been the change in market conditions, both in terms of supply and prices, caused by the external shock of the conflict and its global consequences. Throughout 2023 there have been various disruptions to logistics chains, labour shortages in areas close to the conflict such as Poland, rising prices globally and, as a result, interest rate hikes across the board to offset the impact of inflation. The Company's good management practices have allowed it to mitigate these impacts with the agreements reached with customers as described above, with efficiency policies at a global level to maintain structural costs and with an appropriate financial policy (see Notes 10 and 20) to mitigate the impact of the interest rate hikes, and the management of the rights of use on leased assets.

2.2.3. Effects of COVID

The effects of COVID-19 were substantially less in 2023, with the situation of the projects affected having stabilised to date as a result of the compensation arrangements reached with customers.

The cumulative net effect of COVID-19 during the pandemic amounts to a loss of approximately EUR 165 million, which represents a reduction of EUR 83 million compared to the previous year due to the compensation arrangements reached in this regard in 2023. In accordance with the stage of completion, a total of EUR 183 million had been recognised at 31 December 2023. Of the aforementioned cumulative net effect, EUR 51 million relates to direct and indirect costs not recoverable from our customers and EUR 114 million is linked to the Teesside project and its completion by the customer in April 2021.

2.3. Basis of consolidation

2.3.1. Scope of consolidation

The scope of consolidation of Técnicas Reunidas consists of: Técnicas Reunidas, S.A., the Parent, its subsidiaries and associates. The Group also has joined interests with other entities for investees in jointly controlled entities and unincorporated temporary joint ventures ('UTEs'). Appendices I, II, III and IV to these notes to the financial statements include additional information with regard to the entities included in the scope of consolidation.

For the purpose of preparing these consolidated financial statements, a group is considered to exist when the Parent has one or more subsidiaries over which this Parent has direct or indirect control.

The Parent and certain subsidiaries also have interests in UTEs and consortiums, and the figures for the relevant assets, liabilities, income and expenses corresponding to the UTEs and consortiums are included on a proportionate basis. Appendix IV includes a detail of the joint ventures and consortiums in which Group companies have a stake, as well as joint ventures wholly owned by two Group companies.

The changes in the scope of consolidation in 2023 consisted of the exclusion from the scope of TR Canada Inc, Técnicas Reunidas Dufi CCGT Kft and TR Panama due to liquidation. These changes had no effect on the Group's equity.

The changes in the scope of consolidation in 2022 consisted of the sale of the shareholdings of Técnicas Reunidas, S.A. and Técnicas Reunidas Proyectos Internacionales, S.L. in Ibérica del Espacio, S.A. and the incorporation of Powertecno Energía Mexicana, S.R.L.C.V., in which Técnicas Reunidas, S.A. holds a 50% interest.

There were no business combinations in 2023 or 2022.

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed or has the right to obtain variable returns from its involvement in the investee and has the ability to use its power over this entity to influence these returns. Subsidiaries are consolidated from the date on which control passes to the Group, and are excluded from consolidation on the date on which control ceases to exist.

The subsidiaries are fully consolidated and all their assets, liabilities, income, expenses and cash flows are included in the consolidated financial statements after transactions and balances between Group companies are eliminated. The accounting policies of the subsidiaries have been modified when necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in profit or loss and equity of the subsidiaries is shown separately in the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated statement of comprehensive income.

Appendix I to these notes provides a breakdown of the details on the subsidiaries included in the scope of consolidation through full consolidation.

- **Changes in the ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests resulting in a loss of control are recognised as equity transactions, i.e., as transactions with owners in their capacity as such. The difference between the fair value of the consideration paid and the relevant portion acquired of the carrying amount of the subsidiary's net assets is recognised under equity. Gains or losses on the disposal of non-controlling interests are recognised under equity.

- **Disposals and liquidations of subsidiaries**

In 2023, TR Canada Inc, Técnicas Reunidas Dufi CCGT Kft and TR Panama were liquidated.

In 2022, all the shares of Ibérica del Espacio, S.A. were sold. The net profit from the sale was EUR 5,718 thousand.

b) Associates

Associates are all entities over which the Group exercises significant influence but not control, which is generally accompanied by an ownership interest of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or reduced to recognise the investor's interest in the results of the investee following the acquisition date. The Group's investment in associates includes goodwill identified on acquisition.

If its ownership interest in an associate is reduced but significant influence is maintained, only the proportionate interest of the amounts previously recognised in other consolidated comprehensive gains or losses is reclassified, where appropriate, to the consolidated income statement.

The Group's share of its associates' post-acquisition gains or losses is recognised in the income statement and its share of post-acquisition changes in other consolidated comprehensive income is recognised in other consolidated comprehensive gains or losses with the relevant adjustment to the carrying amount of the investment. When the Group's share in the losses of an associate is equal to or exceeds its interest in the associate, including any other non-current unsecured receivables, it does not recognise further losses, unless it has assumed legal or implicit commitments or made payments on behalf of the associate.

At each financial reporting date, the Group determines whether there is any objective evidence that the investment in the associate has become impaired. If this is the case, the Group calculates the amount of the impairment loss as the difference between the recoverable amount of the associate and its carrying amount and recognises that amount under 'Share of profit/(loss) of associates' in the consolidated income statement.

Profit and loss resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's consolidated financial statements only if they correspond to unrelated investors' interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment loss on the asset transferred. The accounting policies of the associates have been modified when necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising on investments in associates are recognised in the consolidated income statement.

No investments in associates were sold in 2023 or 2022. Appendix II to these notes to the consolidated financial statements provides a breakdown of the details on the associates accounted for using the equity method.

c) Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Investments in joint arrangements under IFRS 11 are classified as joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Técnicas Reunidas Group has assessed the nature of its joint arrangements and determined that they should be classified as joint operations.

Joint operations mean that a venturer has direct rights over the assets, liabilities, income and expenses of the entity in which it has an interest. Accordingly, joint ventures arise when a venturer has the right to the profit or loss or to the net assets of the entity in which it has an interest and, therefore, its interest in the entity is recognised using the equity method.

The proportional amount of the line items of the joint arrangement's balance sheet and income statement are included in the balance sheet and income statement of the venturer depending on its percentage of ownership interest and the cash flows in the Consolidated Statements of Cash Flows.

Appendix III to these notes provides a breakdown of the details on the joint arrangements included in the scope of consolidation.

d) Unincorporated temporary joint ventures (UTEs)

An unincorporated temporary joint venture (UTE) is an arrangement between companies, for a specified or unspecified period of time, to carry out or execute works, services or supplies.

The proportional amount of the line items of the UTE’s balance sheet and income statement are included in the balance sheet and income statement of the venturer depending on its percentage of ownership interest and the cash flows in the Statement of Cash Flows.

Appendix IV to these notes provides a breakdown of the details on the UTEs whose financial information is recognised by the companies included in the scope of consolidation.

2.4. Segment information

The information on segments is presented in accordance with the internal information provided to the chief operating decision maker (see Note 5).

The accounting policies applied to prepare the segment information are the same as those described in these consolidated financial statements. The chief operating decision maker is the Parent’s Board of Directors.

2.5. Foreign currency transactions

a) Functional and presentation currency

The items for each Group company included in these consolidated financial statements are measured using the currency of the main economic environment in which the company operates, i.e., the currency that mainly affects income and expenses ('functional currency'). The consolidated financial statements are presented in euros.

b) Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, unless they are deferred to other consolidated comprehensive income, as in the case of qualifying cash flow hedges.

Foreign exchange gains and losses are recognised under 'Gains or losses on foreign currency transactions' included under 'Financial profit/(loss)' in the consolidated income statement (see Note 25).

c) Group companies

The profit or loss and balance sheet of all Group companies whose functional currency is different from the presentation currency are translated to the presentation currency as follows:

- Assets and liabilities on each balance sheet presented are translated at the exchange rate prevailing at each balance sheet date;
- Income and expenses in the income statement and statement of comprehensive income are translated at the average exchange rate, except for companies in Turkey and Argentina, where both countries have hyperinflationary economies and where, in accordance with IAS 29, the closing exchange rate for 2023 has been applied (see Note 2.28).
- Equity items (except for income statement headings) are translated at the historical exchange rate.

All resulting translation differences are recognised as a separate component of other consolidated comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate. Exchange differences that arise are recognised under "Exchange differences on translation of foreign operations" in the Consolidated Statement of Comprehensive Income.

2.6. Property, plant and equipment

The Group follows the historical cost model, whereby the items of property, plant and equipment are recognised at their initial cost less any accumulated depreciation and accumulated impairment losses, except in the case of land, which is not depreciated and is presented net of impairment losses.

The initial historical cost includes the expenses directly attributable to the acquisition of the items of property, plant and equipment.

Subsequent costs are capitalised only when it is probable that the future economic benefits associated with the items will flow to the Group and the cost of the item can be determined reliably. As a general rule, all repairs and maintenance expenses are recognised in the consolidated income statement in the year in which they are incurred.

The depreciation of the assets is calculated using the straight-line method based on their estimated useful lives and the residual value of the assets. The estimated useful lives of the various asset categories are the following:

Classification/Items	Useful life			
Industrial structures and buildings	25	-	50	Years
Plant and Machinery	5	-	10	Years
Complex and general fixtures	12	-	17	Years
Furniture and office equipment	3	-	10	Years
Computer hardware			4	Years
Vehicles			7	Years
Other items of property, plant and equipment	7	-	10	Years

The residual values and useful lives of the assets are reviewed, and adjusted if necessary, at the end of each reporting period.

If an asset's carrying amount is greater than its estimated recoverable amount, its value is immediately reduced to its recoverable amount.

Gains and losses on the sale of property, plant and equipment are determined by comparing the income obtained with the carrying amount and are recognised under 'Other operating expenses' or 'Other operating income' in the consolidated income statement. The work carried out by the Group on its assets is stated at production cost and recognised as revenue in the consolidated income statement.

2.7. Intangible assets

a) Computer software

Licences for computer software acquired are capitalised based on the costs incurred to acquire them and bring the specific software to use. These costs are amortised over their estimated useful lives (4 years).

The expenses related to software development or maintenance are recognised when they are incurred. The costs directly related to producing unique and identifiable computer software controlled by the Group that is likely to generate economic benefits exceeding the costs for more than one year, are recognised as intangible assets.

These direct costs include the staff costs for the computer program developers and a suitable portion of general overheads. Software development costs recognised as assets are amortised over the software's estimated useful life (4 years).

b) Concessions

Concessions refer to the administrative authorisations granted by various municipal councils for the construction and subsequent operation of car parks and other assets for a period of time stipulated in each agreement. The accounting treatment of these assets has been defined based on the classification of the concession assets as intangible assets measured at fair value (understood to be the value resulting from their construction, which is established as the cost value). Once the concession assets become operational, the proceeds for operating the various concessions are recognised as revenue, the operating expenses are expensed currently, and the intangible assets are amortised on a straight-line basis over the term of the concession. The profitability of the project is reviewed at each year-end to assess whether there is any indication of impairment, i.e., an indication that the value of the assets may not be recoverable through the revenue generated while in use.

Throughout the term of the concession, the concession operator is required to repair and maintain the facilities and to keep them in proper working order. Repair and upkeep expenses are recognised in the income statement. No liabilities were recognised since the present value of the obligation is not significant.

c) Research and development expenditure

Research expenditure is recognised as an expense when incurred. The costs incurred in development projects are recognised as intangible assets when the following requirements are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- Management's intent is to complete the intangible asset and use or sell it;
- The intangible asset may be used or sold;
- The manner in which the intangible asset will generate probable future economic benefits can be demonstrated;
- Adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Other development costs are recognised as an expense when incurred. Development costs previously recognised as an expense are not capitalised in subsequent years.

Grants received for research and development projects are transferred to income in accordance with the criteria for recognising research and development expenditure in the income statement.

2.8. Rights of use on leased assets and associated borrowings

The rights of use on leased assets and the borrowings associated with them represent the right to use the asset in question and the obligation to make payments under the lease, respectively.

Right-of-use assets on leased assets are measured at cost, which includes the following:

- The amount of the initial measurement of the lease liability;
- any lease payments made on or before the commencement date, less any lease incentives received.
- any initial direct costs; and
- restoration costs.

Right of use assets are amortised on a straight-line basis over the useful life of the asset or the lease term, whichever is shorter.

The borrowings associated with the right to use of the leased assets includes the net present value of the lease payments.

Lease payments are discounted using the tenant's incremental borrowing rate, which is the rate that the individual tenant would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, guarantees and conditions.

The Group is exposed to potential future increases in lease payments based on an index or benchmark, which are not included in the lease liability until they take effect. At that time, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is expensed over the lease term so as to produce a constant periodic interest rate on the remaining balance of the liability for each period.

The term of the lease is considered to be the non-cancellable period. If the Group has a unilateral option to extend or terminate the lease and there is reasonable certainty that this option will be exercised, the corresponding extension or early termination period will also be considered. The maximum period estimated for the renewal of a contract is 3 years, since there is no reasonable certainty that it will be extended beyond that period, which is in line with the average time for executing the projects on site. In the case of office rentals in companies whose duration is linked to the duration of the project they are performing, the maximum renewal period will be 3 years as long as it does not exceed the remaining duration of the ongoing project.

The lease term is reassessed if an option is actually exercised (or is not exercised) or the Group is obliged to exercise it (or not exercise it). The assessment of reasonable certainty is reviewed only if a significant event or change in circumstances occurs that affects this assessment and is within the control of the tenant, with force majeure events being considered as likely to occur.

2.9. Borrowing costs

The borrowing costs incurred in the construction of any qualifying asset are capitalised during the period of time necessary to prepare the asset for its intended use. Other borrowing costs are recognised in the income statement in the year in which they are incurred.

2.10. Impairment losses on non-financial assets

Assets with an indefinite useful life are not subject to depreciation or amortisation but rather are tested annually for impairment. At each year-end, the Group reviews the assets subject to amortisation to verify if there is any event or change in circumstances that indicates that the carrying amount may not be recoverable.

An impairment loss is recognised when the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses on goodwill may not be reversed. For the purpose of assessing impairment, assets are grouped together at the lowest levels for which there are separately identifiable cash flows, i.e., in CGUs. Impairment losses are recognised in the income statement.

Previous impairment losses on non-financial assets, other than goodwill, are reviewed for possible reversal at each reporting date.

2.11. Financial assets

a) Classification

Financial assets are classified depending on the measurement category that is determined on the basis of the business model and the contractual cash flow characteristics, and the Group only reclassifies investments in debt instruments when, and only when, there is a change in its business model for managing these assets.

The Group classifies its financial assets into the following categories, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial assets at amortised cost.

b) Measurement

Acquisitions or disposals of investments are recognised on the trade date, i.e., the date on which the Group undertakes to acquire or sell the asset. Investments are recognised initially at fair value plus the transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value and transaction costs are taken to the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards arising from the related ownership.

Interest income on financial assets at fair value through profit or loss is recognised as other income in the income statement when the Group’s right to receive payment is established.

In the event of disbursements arising from the enforcement of guarantees on first demand, these are recorded as financial assets at fair value, to the extent that it is considered probable that a future profit will be obtained once the arbitration is settled. In any case, the financial asset is periodically tested for impairment when there are indications that it may not be recoverable, taking into account, in any case, the customer's risk.

The gains and losses on assets measured at fair value are recognised in profit or loss or in other comprehensive income. With regard to investments in equity instruments that are not held for trading, the Group has made an irrevocable election at initial recognition to recognise all equity investments at fair value through other comprehensive income.

c) Financial assets at amortised cost

Investments in debt instruments that are held for the collection of contractual cash flows, when those cash flows represent only payments of principal and interest, are measured at amortised cost. They are included in current assets, except for maturities exceeding 12 months from the balance sheet date when they are classified as non-current assets, unless they are within the Group's normal operating cycle.

In addition, deposits and guarantees provided to third parties are included in this category. Those assets are subsequently recognised at their amortised cost in accordance with the effective interest rate method. Accounts receivable that do not explicitly accrue interest are measured at their nominal value when the effect of not discounting the cash flows is not significant. They are still subsequently measured, where applicable, at their nominal value.

d) Financial assets at fair value through other comprehensive income

The assets held for the collection of contractual cash flows and for the sale of financial assets, in which the cash flows of the assets represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Changes in the carrying amount are recognised through other comprehensive income, except for the recognition of impairment losses or gains, interest income, and exchange gains or losses that are recognised in profit or loss. Unrealised gains and losses that arise from changes in fair value are recognised in other comprehensive income. When these financial assets are derecognised, the cumulative adjustments in fair value recognised in equity are included in the consolidated income statement as gains or losses.

The fair value of listed investments is based on the current purchase price. If the market for a financial asset is in active (and for unlisted securities), the Group establishes its fair value using valuation techniques that include the use of recent arm’s length market transactions between willing and duly informed parties, references to other instruments that are substantially the same and the discounted cash flows analysis. If none of the techniques mentioned can be used to estimate fair value, the investments are recognised at acquisition cost less any impairment losses.

In the case of equity instruments included in this category, Group management has elected to present the gains and losses in the fair value of equity instruments in other comprehensive income. Gains and losses in fair value are not subsequently reclassified to profit or loss after the disposal of the investment. Impairment losses (and reversals of impairment losses) on equity instruments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

The dividends from these investments continue to be recognised in profit or loss when the Group has the right to receive payment.

e) Financial assets at fair value through profit or loss

Those assets that do not meet the requirements to be recognised at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss. Realised and unrealised gains and losses arising from changes in fair value of financial assets at fair value through profit or loss are included in the income statement in the year in which they arise.

f) Impairment

The impairment model requires provisions for impairment to be recognised based on the expected loss model rather than only the incurred credit losses.

With regard to its client accounts, accounts receivable and other assets, which relate mainly to clients of recognised solvency with which it has extensive experience, the Group applies the simplified approach, recognising the expected credit losses for the entire life of the assets.

With regard to trade receivables and contract assets, provided there is no significant financial component, the Group applies the simplified approach, which requires the allocation of a loss based on the expected loss model throughout the entire life of the asset at each reporting date. The Group's model considers internal information, such as client balances, external factors such as credit assessments of clients and ratings from risk agencies, as well as the specific circumstances of clients, taking into consideration the information available on past events, current conditions and forward-looking elements.

g) Offsetting of financial instruments

Financial assets and liabilities are offset and presented as net in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent upon future events and must be enforceable in the normal course of business and in the event of the breach, insolvency or bankruptcy of the company or the counterparty.

2.12. Inventories

'Inventories' includes the cost of parking spaces held for sale.

The parking spaces available for sale are initially measured at acquisition cost and subsequently at the lower of cost and net realisable value.

2.13. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits in banks and other short-term highly liquid investments originally maturing within three months or less.

The following terms are used in the consolidated statement of cash flows, which was prepared using the indirect method:

- Cash flows: inflows and outflows of cash and cash equivalents (Note 14).
- Operating activities: payments and collections from the Group's ordinary activities and other activities that are not investing or financing activities.
- Investing activities: payments and collections that arise from acquisitions and disposals of non-current assets.

- Financing activities: activities that result in changes in the size and composition of equity and borrowings of the Group that are not operating activities.

2.14. Share capital

The share capital is represented in full by ordinary shares classified as equity.

The incremental costs directly attributable to the issue of new shares are recognised in equity as a deduction, net of the corresponding tax effect, from the income obtained.

When any Group company acquires shares of the Parent (treasury shares), the consideration paid, including any directly attributable incremental cost (net of income tax), is deducted from the equity attributable to the shareholders of the Parent until their redemption, re-issue or disposal. When these shares are sold or are later re-issued, any proceeds received, net of any directly attributable incremental cost of the transaction and the corresponding income tax effects, are included in the equity attributable to the shareholders of the Parent.

2.15. Grants

Grants from Public Administrations are recognised at fair value when there is reasonable assurance that the grant will be received and the Group will comply with all conditions established.

Government grants related to costs are deferred and are recognised in the income statement over the period required to match them with the costs that they are intended to cover.

Government grants related to the acquisition of property, plant and equipment are included under non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

The grants received for research and development projects are transferred to the income statement in accordance with the criteria for recognising research and development expenditure in the income statement.

2.16. Financial liabilities

a) Financial liabilities at amortised cost (Borrowings)

Borrowings are initially recognised at fair value, net of any transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the term of the borrowings using the effective interest method. The fees paid on the arrangement of loans are recognised as transaction costs for the loan to the extent that it is probable that a portion or all of the loan will be used. In these cases, the fees are deferred until the credit facility is used. If there is no evidence that all or a portion of the credit facility will likely be used, the fee is capitalised as an advance payment for liquidity services and is amortised over the period during which the credit facility is available.

Borrowings are removed from the consolidated balance sheet when the obligations specified in the contract are discharged or cancelled or expire. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss for the year as other finance income or costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

b) Financial liabilities at fair value through profit or loss

These are liabilities acquired for the purpose of being sold in the near term. Derivatives are classified in this category unless they are designated as hedging instruments (see Note 2.22). These financial liabilities are recognised, both initially and subsequently, at their fair value, and the changes that arise therein are recognised in the consolidated income statement for the year.

2.17. Current and deferred taxes

The income tax expense for the year comprises current and deferred taxes. Taxes are recognised in the income statement, unless the tax relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where its subsidiaries and associates operate and generate taxable profit. Management periodically evaluates the positions taken in tax returns with regard to situations in which applicable tax legislation is subject to interpretation, and, if necessary, establishes provisions based on the amounts expected to be paid to the tax authorities.

Deferred taxes are calculated, in accordance with the balance sheet liability method, based on the temporary differences that arise between the tax bases of the assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred taxes are not recognised if they arise from the initial recognition of a liability or asset in a transaction other than a business combination, which at the time of the transaction affects neither accounting profit (loss) nor taxable profit (tax loss). Deferred taxes are determined by using the tax rates that have been enacted or substantially enacted by the balance sheet date and that are expected to be applied when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is considered probable that future taxable profit will be available against which the temporary differences can be offset.

Deferred tax liabilities are recognised based on temporary differences that arise in investments in subsidiaries, associates and joint ventures, except for those cases in which the Group is able to control the date on which the temporary differences are reversed and it is probable that they will not be reversed in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and deferred taxes liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities that intend to settle the future tax assets and tax liabilities on a net basis.

Pillar Two

On 20 December 2021, the OECD published the Pillar Two Model Rules.

These rules establish a system of Supplementary Taxation that brings the minimum effective tax rate to 15% in jurisdictions where multinational groups have a presence.

In May 2023, the IASB published an amendment to IAS 12 to clarify the accounting treatment arising from tax laws enacted or substantively enacted to implement Pillar Two. This amendment establishes the following:

- A mandatory temporary exception from the recognition of deferred taxes arising from the implementation of Pillar Two.

- Separate disclosure of the current supplementary tax, if any, arising as a result of Pillar Two, once the law is effective.

- For those years where the above law is not yet effective, qualitative and quantitative information must be disclosed to enable users to understand the company's exposure to taxes that may arise from Pillar Two and/or the company's progress in implementing the rules.

At 31 December 2023, the Técnicas Reunidas Group applied the mandatory exception to the recognition and disclosure of deferred tax assets and liabilities in relation to Pillar Two. In addition, as the Pillar Two law is not yet effective for the year to which these financial statements refer, the Group has not recognised the corresponding exposure to the current supplementary tax arising from Pillar Two.

Note 26 provides the disclosures required by IAS 12 on the Group's expected exposure arising from this new regulation once it comes into force.

2.18. Employee benefits

a) Termination benefits

Termination benefits are paid to employees as a result of the Group's decision to terminate their employment contract before the normal retirement date or when the employee agrees to accept voluntary redundancy in exchange for those benefits. The Group recognises these benefits when it is demonstrably committed to terminate the employment of current employees in accordance with a detailed formal plan that cannot be withdrawn, or to provide termination benefits as a result of an offer made to encourage voluntary termination. Termination benefits that will not be paid within 12 months of the reporting date are discounted to their present value (see Note 24).

b) Bonus plans

The Group recognises a provision when it is contractually required to do so.

c) Share rights remuneration plans

These plans are settled in cash and recognised over the period in which the employee provides service to the Company at fair value at the date on which the requirements for recognition are met.

Subsequently, until the settlement date, the related liability is measured at fair value at the end of each year, and any change in value arising in the year is taken to the income statement (Note 24).

2.19. Provisions

The Group recognises provisions when it has a present obligation (legal or constructive) as a result of past events, where an outlay of resources will likely be needed to settle the obligation and when the amount can be reliably estimated. No provisions are recognised for future operating losses, although provisions are recognised for engineering contracts expected to generate losses (see Note 2.20).

Provisions are recognised at the best estimate of the liability to be settled by the Group, taking into account the direct and indirect costs of each project and the effects of exchange rate fluctuations, for those amounts denominated in foreign currency, the present value of the disbursements, if the effect is significant, that are expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time of value of money and the specific risks of the obligation.

2.20. Revenue recognition

Revenue includes the fair value of the considerations received or to be received for the sale of goods and services in the ordinary course of the Group’s business activities. Revenue is presented net of value added tax, and after having excluded sales within the Group. The Group recognises revenue when the amount thereof can be reliably measured, when it is highly likely that the future economic benefits will flow to the Group and when the specific criteria for each of the activities are met, as detailed below. In most projects under implementation, irrespective of the legal form of the contract, there is only one obligation towards the client. The amount of revenue cannot be reliably determined until all contingencies related to the sale have been resolved. The Group bases its estimates on past results, taking into account the type of client, type of transaction and specific terms of each agreement.

In relation to inventories (parking spaces), the Group recognises sales and profit or loss when ownership is transferred to the buyer.

a) Service agreements

Revenue from the rendering of services under service agreements is recognised in the financial year in which the services are provided by reference to the stage of completion of the actual service provided. The price payable by the end client consists of the direct costs incurred, to which a fixed margin is applied for indirect costs and industrial profit.

b) Turnkey engineering contracts

When the residual outcome of a contract cannot be reliably estimated, contract revenue is only recognised to the extent of the contract costs incurred that are likely to be recoverable.

When the outcome of a contract can be reliably estimated and it is probable that the contract will be profitable, contract revenue is recognised over the term of the contract. The method for recognising revenue for turnkey engineering contracts varies depending on the estimated outcome of the contract. When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense. However, profit is recognised over the term of the contract and based on the stage of completion of the project.

The Group uses the percentage of completion method to calculate the amount to be recognised in a given accounting period. The percentage of completion is determined based on a financial assessment of the tasks effectively carried out as of the balance sheet date as a percentage of the total estimated tasks and costs for each contract.

In assessing the tasks effectively carried out at the balance sheet date, the different phases of engineering, procurement and construction are taken into account for each project. For engineering, the working hours actually incurred by each engineer on the project to date are considered; for procurement, on the basis of the progress of the costs incurred up to the delivery of materials and equipment; and for construction, a periodic physical measurement of the progress of the work is made, all at cost value. The calculation of the progress of the project is made by taking into account all costs incurred in accordance with the above criterion out of the total project costs and the revenue associated with the progress is recognised. This measurement method is aligned with the way in which the projects are managed and monitored and provides the best representation of the transfer of goods and services. The risk of contract termination is remote based on the Group's history.

The Group recognises an account receivable for the gross amount owed by clients for work performed under all contracts in progress for which the costs incurred plus the recognised profits (less recognised losses) exceed the amount of progress billings. Progress billings outstanding and withholdings are included in trade and other receivables.

The cash flows from the projects may not be directly related to when the obligations are fulfilled, but rather follow schedules for sending invoices and collecting payment contractually agreed with the customer for each project. These schedules vary for each contract and are generally associated with the fulfilment of the milestones set out in the contract, with key milestones being the delivery of the engineering, receipt of the equipment on site, construction certificates from the customer and final acceptance of the plants. The financial impact of this transaction is, in any case, not significant.

The Group recognises a liability for the gross amount owed to clients for work performed under all contracts in progress for which the progress billings exceed the costs incurred plus the recognised profits (less recognised losses).

In turnkey projects awarded by the Group, there is normally a high degree of interaction and correlation between the various phases of engineering, procurement and construction, which tend to overlap, so that, regardless of the contractual form, which can sometimes be executed through several contracts in relation to the tasks performed in different countries, there is a single performance obligation. That is, regardless of whether there are many tasks to be performed, they are considered jointly as a single obligation, since they are considered in the context of the contract.

As a residual effect, a single contract may have clearly differentiated parts with different budgets signed with the same client. In these types of agreements, the client benefits from each part of the contract, while the Group has different performance obligations. If the income and costs of the different parts can be clearly identified, each part is treated separately.

Given the nature of the business activity, contracts are often modified while in progress due to changes in the scope of the work that needs to be carried out under the terms of the contract. A change may lead to an increase or a decrease in contract revenue. Changes are recognised as increases in the value of the contract when the client approves the change in scope and the resulting price increase. If the scope of the work has been approved but has yet to be measured, the revenue to be recognised will be estimated, provided the revenue is highly likely not to undergo a significant reversal in the future.

Likewise, claims may arise in the performance of the contracts that the Group seeks to collect from the client or another party as reimbursement for costs not included in the contract price. The grounds for such claims are related to and supported by the clauses of the contract or situations of force majeure. Claims are recognised as a variable consideration. They are included as revenue using either the expected value method or the most likely amount method (in each case, using whichever method is better at predicting the amount that the entity expects to be entitled to receive) and provided that it is highly probable that there will not be a significant future reversal of the amount of revenue recognised when the uncertainties associated with those claims are subsequently resolved. When evaluating the probability of a claim being successful, in addition to the technical analysis of each case, past experience in situations that are similar either because of their nature or the counterparty involved are also analysed, as well as the communications with the customer in relation to the case.

Depending on the types of projects in the portfolio, negotiations with customers regarding claims may go on throughout the entire life of the project.

In implementing its projects, the Group signs sub-contracts with companies that carry out the physical construction of the plants. The value of the sub-contracts is adjusted based on the scope established contractually. Where the reduction in scope results in inadequate execution and entails additional costs for the Group, the Group passes this excess cost on to the subcontractors based on its contractual rights.

c) Concession arrangements

Revenue from concession-related activities is recognised based on the services rendered at the contractually agreed prices.

d) Dividend income

Dividend income is recognised when the right to receive payment is established.

e) Interest income

Interest income is recognised using the effective interest method.

2.21. Recognition of the stage of completion of liabilities

The Group uses the percentage of completion method to calculate the amount to be recognised in a given accounting period. The percentage of completion is determined based on a financial assessment of the tasks effectively carried out as of the balance sheet date as a percentage of the total estimated tasks and costs for each contract.

In assessing the tasks effectively carried out at the balance sheet date, the different phases of engineering, procurement and construction are taken into account for each project. For engineering, the working hours actually incurred by each engineer on the project to date are considered; for procurement, on the basis of the progress of the costs incurred up to the delivery of materials and equipment; and for construction, a periodic physical measurement of the progress of the work is made, all at cost value.
The progress of the project is calculated by taking into account all the costs incurred in accordance with the above criteria out of the total project costs, and the amount of the costs are adjusted depending on the progress of the project.

This measurement method is aligned with the way in which the projects are managed and monitored and provides the best representation of the transfer of goods and services. The risk of contract termination is remote based on the Group's history.

2.22. Derivative financial instruments and hedging transactions

The Group uses the general hedging model of IFRS 9. This requires the Group to ensure that the hedge accounting relationships are in line with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assess the effectiveness of the hedge.

The Group's risk management strategies and documentation of hedges are in line with the requirements of IFRS 9 and these relationships are treated as continuous hedges.

Derivative financial instruments are initially recognised at fair value on the date on which the contract is signed and are subsequently adjusted to their fair value at each balance sheet date. The recognition of the gain or loss resulting from the changes in fair value in each period depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

The effective portion of changes in the fair value of the derivatives designated and qualifying as cash flow hedges is recognised under other comprehensive income. The gain or loss corresponding to the ineffective portion is recognised immediately in financial profit or loss in the income statement.

The cumulative balance under 'Other consolidated comprehensive income' is transferred to the consolidated income statement in the year in which the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedging transaction no longer meets the requirements to qualify for hedge accounting, any cumulative gains or losses recognised under equity until then will remain in equity and are recognised in the income statement when the expected transaction final takes place. However, if it is no longer probable that this transaction will take place, any cumulative gains or losses recognised under 'Other consolidated comprehensive income' are immediately transferred to the consolidated income statement.

The Group designates certain derivatives as hedges of a specific risk associated with a recognised asset or liability or a highly probable forecast transaction that may affect profit/loss for the year (cash flow hedge).

a) Derivatives that do not qualify for hedge accounting

For derivative financial instruments not designated as hedging instruments or that do not qualify to be designated as such, any changes in fair value at each measurement date are recognised as finance income or costs in the consolidated income statement. Financial assets and liabilities at fair value through profit or loss are considered to be included in this category.

2.23. Leases

Leases of property, plant and equipment with a term of more than one year and a significant value are recognised as rights of use on leased assets and the corresponding liability is recognised on the date on which the leased asset is available for use by the Group. (see Note 2.8)

2.24. Distribution of dividends

Dividend pay-outs to shareholders of the Parent are recognised as a liability in the Group’s consolidated financial statements in the year in which the dividends are approved by the Company’s shareholders.

2.25. Environmental disclosures

An environmental activity is considered to be any activity whose main purpose is to prevent, reduce or repair environmental damage.

Expenses incurred in protecting and improving the environment are charged to profit or loss in the year in which they are incurred, regardless of when the resulting monetary or financial flow arises.

Provisions for probable or certain third-party liability, litigation in process and outstanding environmental indemnity payments or obligations of undetermined amount not covered by the insurance policies taken out are recorded when the liability or obligation giving rise to the indemnity or payment arises.

In view of the business activities carried on by the Group companies, the Group does not have any environmental assets, provisions or contingencies that might be material with respect to its equity, financial position or results.

2.26. Earnings per share

a) Basic earnings per share

Basic earnings per share are calculated by dividing:

- The profit attributable to the Company's owners, excluding any cost of equity services other than ordinary shares.

- By the weighted average number of ordinary shares outstanding during the year, adjusted for any incentives in ordinary shares issued during the year and excluding treasury shares.

b) Diluted earnings per share

For diluted earnings per share, the figures used to determine basic earnings per share are adjusted to take into account:

- The effect after income tax of interest and other finance costs associated with the dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.27. Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination, with limited exceptions, are initially measured at their fair values at their acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition basis at fair value or for the proportional stake of the non-controlling interest of the net identifiable assets of the acquired entity.

The costs related to the acquisition are recognised as expenses when they are incurred.

The excess of:

- the consideration paid;
- the amount of any non-controlling interest in the acquired entity, and
- the fair value at the date of acquisition of any prior ownership interest in the acquired entity,

out of the fair value of the net identifiable assets acquired is recognised as goodwill. If these amounts are lower than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly under profit or losses as a purchase under highly advantageous terms.

2.28. Treatment of companies in hyperinflationary economies

The Group applies IAS 29 to the financial statements of the Turkish and Argentinean companies. The application of this standard entails the following exceptions to the other measurement bases set out above:

- Restatement of non-monetary assets and liabilities net of deferred taxes, as appropriate, from the date of acquisition. The balancing entry for this restatement is reserves or the result from exposure to changes in the purchasing power of the currency of the year depending on the period of application.

- The equity has been restated, as have all other non-monetary items.

- The restatement of the monthly result in accordance with the cumulative inflation for the year since its generation must be adjusted against the consolidated comprehensive income arising from exposure to changes in the purchasing power of the currency.

- Application of the closing exchange rate, rather than the average exchange rate for the year, to income and expenses. For this purpose, all amounts need to be restated by using the change in the general price index from the date on which the income and expenses were recognised in the income statement.

- The Group has adjusted the income statement for 2023 to reflect the financial profit or loss corresponding to the impact of inflation on net monetary assets.

- The various items in the income statement and statement of cash flows for 2023 have been adjusted for inflation since they were generated, with a balancing entry in financial profit or loss and exchange differences, respectively.

The average coefficients considered for this calculation in 2023 were 1.41031 in Turkey and 2.3179 in Argentina. These coefficients are taken from the information published by the Turkish Statistical Institute and the Argentine National Institute of Statistics of Censuses (INDEC), through the publication of the Consumer Price Index, which measures the changes in the prices of goods and services representative of household consumption expenditure, respectively.

The profit or loss from the restatement recognised in the financial statements of the companies with the Turkish lira and the Argentine peso as their functional currency are included in the consolidated income statement under 'Profit/(Loss) from exposure to hyperinflation'. The effect on profit or loss of the restatement for 2023 amounts to a loss of EUR 7,759 thousand (2022: EUR 6,097 thousand).

3. Financial and environmental risk management

3.1. Financial risk factors

The Group's activities are exposed to a variety of financial risks: market risk (including price risk, foreign currency risk and risk from cash flows due to interest rates), credit risk and liquidity risk. The Group's global risk management programme focuses on the uncertainty of the financial markets and aims to minimise the potential adverse effects on the Group's financial returns. The Group uses derivative financial instruments to hedge certain risk exposure.

Risk management is carried out by the Group's Finance Department, Business Units and Corporate Treasury Department in accordance with policies approved by the Parent's Board of Directors and supervised by the Audit and Control Committee. This Department identifies, assesses and hedges financial risks in close cooperation with the Group's operating units.

3.1.1. Market risk

a) Foreign currency risk

The Group operates in the international market and, therefore, is exposed to foreign currency risk on the transactions it performs in foreign currencies, particularly the US dollar (USD) and, to a lesser extent, currencies tied to the USD. There is residual exposure to suppliers operating in other currencies (mainly Japanese yen, Canadian dollars, Saudi rials, Turkish lire, Malaysian ringgits, Peruvian soles, Mexican pesos, Singaporean dollars, Polish złoty, Qatari ryial, Bahraini dinars, Omani rials and Kuwaiti dinars). Foreign currency risk arises mainly from future commercial transactions and recognised assets and liabilities.

In accordance with the hedging policy established, the Group companies use forward contracts, negotiated by the Group's Corporate Treasury Department, to hedge the foreign currency risk arising from future commercial transactions and recognised assets and liabilities. Foreign currency risk arises when the future commercial transactions and recognised assets and liabilities are denominated in a currency other than the Group's presentation currency. The Group's Treasury Department is responsible for managing the net position in each foreign currency using external foreign currency forward contracts (also taking into account the risks arising from currencies tied to the USD, where the hedge arranged protects the USD risk). In addition, the Group tries to hedge foreign currency risk via 'multicurrency' contracts with its clients, segregating the sale price in the various currencies from the foreseen expenses and preserving the projected margins in euros.

The Group's risk management policy is based on hedging the most highly probable forecast transactions in each of the main currencies during the months the project is scheduled to be completed. For each new project contracted with foreign currency risk, the percentage of risk to be hedged in relation to projected sales in each of the main currencies varies by project. These hedges are classified as highly probable forecast transactions for hedge accounting purposes.

The nature of the Group's business operations means that it is very common to contract transactions with clients in US dollars, while the corresponding costs are usually denominated in multiple currencies, albeit mainly USD and EUR. If at 31 December 2023 the euro had depreciated / appreciated against the US dollar by a hypothetical 10%, leaving all other variables constant, consolidated profit before tax for the year would have been EUR 21,243 thousand higher / lower (2022: EUR 15,981 thousand), mainly due to the gains / losses generated on the appreciation / depreciation of positions in US dollars.

Meanwhile, if the euro had depreciated / appreciated against the US dollar by a hypothetical 10%, equity would have been EUR 73,130 thousand higher / lower in the year ended 31 December 2023 (2022: EUR 22,236 thousand); these amounts were calculated based on the changes in profits outlined in the paragraph above and the estimated changes in value of the hedging derivatives recognised in the hedging reserve in equity (all before considering the related tax effect).

This effect would occur as long as the variation in the USD compared to the EUR took place within a period of less than 139 days (2022: 115 days), since that is the average maturity at which the hedging transactions are contracted.

Accordingly, the Group has various investments in foreign operations, the net assets of which are exposed to foreign currency risk. In general, the Group's policy is to finance its foreign operations with borrowings denominated in the functional currency of that country, so that the risk only affects the portion corresponding to the equity investment. The table below shows the absolute value of the balances of the principal exposures in foreign currency as a result of equity investments in foreign operations:

	Thousands of euros	
	2023	**2022**
Saudi Riyal	235,556	120,841
Turkish Lira	14,029	10,829
Peruvian Sol	43,106	89,201
Mexican Peso	49,685	24,620

b) Price risk

The Group is exposed to commodity price risk, basically tied to metals and oil, to the extent that they affect the price of the equipment supplied and materials used in the construction projects, and only from when the contract was awarded to when the orders were placed with the subcontractors. As a general rule, all peer contractors operating in the sector effectively pass on these impacts in sales prices. The Group reduces and mitigates price risk with established policies instructed by management, basically by accelerating or slowing down the pace of orders and selecting the currencies and countries of origin, as well as by contracting commodity hedging derivatives during the above period. An additional mechanism used by the Group to mitigate this risk consists of using contracting models that allow a portion of the price to be allocated to cover possible cost deviations, and of purchasing derivatives.

c) Interest rate risk in cash flows

The Group endeavours to self-finance its projects, establishing invoicing and collection milestones with clients that cover the payment deadlines undertaken with suppliers. However, the Group has debt instruments to cover its operating needs, with a combination of fixed and variable rates. As part of the policy of prudence and control of interest rate risk and the impact that interest rate fluctuations may have on the consolidated income statement, there are fixed rate debt instruments amounting to EUR 428,295 thousand (2022: EUR 462,120 thousand).

The exposure to variable interest rate risk at each balance sheet date is the following:

	Thousands of euros					
	2023			2022		
	Tied to Euribor	Other reference rates	Total	Tied to Euribor	Other reference rates	Total
Participating loan	(175,000)	-	(175,000)	(175,000)	-	(175,000)
Variable rate borrowings	(257,604)		(257,604)	(339,907)	-	(339,907)
Interest-earning cash and cash equivalents	217,027	816,630	1,033,657	167,538	792,142	959,680
	(215,577)	**816,630**	**601,053**	**(347,369)**	**792,142**	**444,773**

The amount of cash and cash equivalents accruing interest corresponding to 'Other references' is mainly denominated in USD.

Based on the sensitivity analyses performed on cash and cash equivalents accruing interest, the impact on consolidated profit or loss of a 25 basis point fluctuation in interest rates would imply an increase/decrease of EUR 2,042 thousand at 31 December 2023 (2022: EUR 1,980 thousand).

In the case of variable rate borrowings, a 10 basis point fluctuation up or down in the interest rate would have an impact on consolidated profit or loss of a decrease/increase of EUR 413 thousand. (2022: EUR 514 thousand).

In short, the Group continues to manage cash flow interest rate risk at a global level, with a solid cash position in euros and mostly in dollars, and continues to reduce its overall debt levels, maintaining a balanced percentage of fixed rate debt with respect to variable rate debt, in line with the Group's prudent cash management.

3.1.2. Credit risk

Credit risk is managed by the Group taking into account the following groups of financial assets:

- Assets arising from derivative financial instruments (see Note 10) and sundry balances, including cash and cash equivalents (see Note 14).

- Balances related to trade and other receivables (see Note 11).

Derivative financial instruments and transactions with financial institutions included as cash and cash equivalents are arranged or carried out with financial institutions of renowned prestige.

In relation to trade and other receivables, it is worth mentioning that, due to the nature of the business, there is a high concentration based on the Group's most significant projects. These counterparties are generally integrated, state-owned or top multinational oil and gas companies. At 31 December 2023, 64 % of the total 'Trade receivables' account (included in trade and other receivables) was concentrated in 10 clients (2022: 63.22%), and they relate to transactions with the type of entities mentioned above, with which the Group considers that the credit risk is very limited.

The variables and assumptions and estimation techniques used to measure expected credit losses include the risk or probability of a credit loss occurring based on the likelihood of the credit loss occurring and the likelihood of it not occurring, even if the likelihood is very low. The expected loss (EL) is the weighted average credit loss with the respective risks of a default occurring.

The maximum period considered to assess expected credit losses is the maximum contractual period (including extension options) during which there is exposure to credit risk.

The Group adopts a credit risk impairment model based on the expected loss over the life of the asset under the simplified approach as it has trade receivables without a significant financing component, most of which correspond to clients of recognised solvency with whom it has extensive experience, for whom 99.69% of the Group's activity is carried out and with whom any problems that might arise would be exceptional.

The Group assesses whether the credit risk has increased significantly since the initial recognition. To carry out this assessment, it compares the risk of default of the financial instrument on the reporting date with the risk of default on the date of initial recognition and considers reasonable and substantiated information that is available without disproportionate costs or efforts and that is indicative of significant increases in credit risk since the initial recognition.

Lastly, objective evidence of impairment was analysed, taking into account both quantitative information (e.g. drop in credit rating, very significant increases in credit default swap prices, etc.) and qualitative information (e.g. declaration of insolvency, etc.)

A large part of the credit risk is mitigated by the ad-hoc financing that customers linked to the implementation of the projects have, which constitutes a double guarantee of collection.

Trade receivables are generally not secured by collateral or subject to other credit enhancements, except when warranted by specific circumstances.

3.1.3. Liquidity risk

Prudent management of liquidity risk entails the maintenance of sufficient cash and marketable securities, availability of financing through a sufficient amount of committed debt instruments or similar and the capacity to settle market positions.

The trend in customer contracts, which include tighter cash flows, has led the Group to optimise its financing strategy.

Management monitors the Group’s projected liquidity reserve on the basis of expected cash flows. In addition, the Group has debt instruments that offer an additional liquidity buffer.

Therefore, the Group’s liquidity risk is considered to be appropriately managed.

The following is a breakdown of relevant liquidity information (calculated in accordance with the covenant compliance requirements, according to which the participating loan is not included in the calculation of the net cash ratio):

	Thousands of euros	
	2023	**2022**
Borrowings (Note 20) *	(685,899)	(802,131)
Cash and cash equivalents (Note 14)	1,033,657	959,680
Net cash	347,758	157,549
Undrawn credit facilities **	8,248	15,577
Total liquidity reserves	**356,006**	**173,126**

*This amount does not include borrowings associated with rights of use of leased assets or the participating loan.

** This amount does not include the unused amount of the limits in the MARF (bonds and promissory notes) amounting to EUR 177 million and EUR 190 million in 2023 and 2022, respectively.

The two signed syndicated credit facilities, as well as the private placement in Spain, the placement on the German promissory note market, and the placement of MARF bonds on the market underwritten by the Group in force at the date of authorisation for issue of these financial statements, with the total amount drawn down standing at EUR 336 million (2022: EUR 452 million), require, among other requirements, that the consolidated net financial debt/EBITDA ratio be less than or equal to 2.5 (syndicated loans)/3 for other financial borrowings, described here (for the compliance with the Group's covenants, see Note 20).

In addition, the two syndicated credit facilities contain the following limitation on distributing profits for 2023-2024: 40% of consolidated net profit for 2023 and 50% of consolidated net profit for 2024.

For 2024, the Parent's directors consider that, at the date of authorisation for issue of these financial statements, the Group is in a position to comply with the financial ratios included in the clauses of all its finance agreements.

The table below shows an analysis of the financial liabilities, grouped by maturities, in accordance with the remaining periods at the consolidated balance sheet date until the contractual maturity date. The amounts shown in the table correspond to the balances resulting from applying the amortised cost method (carrying amounts), which basically coincide with the undiscounted expected cash flows. The balances payable within 12 months are equivalent to their carrying amounts, given that the discount effect is not significant.

	Within one year	From 1 to 2 years	From 3 to 5 years	More than 5 years
At 31 December 2023				
Borrowings (Note 20)	305,141	277,968	102,790	-
Participating loans (Note 20)	-	-	175,000	-
Borrowings associated with rights of use of leased assets (Note 8)	19,897	25,746	-	-
Derivative financial instruments (Note 10)	1,058	-	-	-
Trade and other payables (Note 19)	3,098,730	-	-	-
Total	**3,424,826**	**303,714**	**277,790**	**-**
At 31 December 2022				
Borrowings (Note 20)	201,922	410,005	189,458	746
Participating loans (Note 20)	-	-	175,000	-
Borrowings associated with rights of use of leased assets (Note 8)	17,279	35,122	-	-
Derivative financial instruments (Note 10)	22,277	-	-	-
Trade and other payables (Note 19)	3,506,239	-	-	-
Total	**3,747,716**	**445,127**	**364,458**	**746**

As the Group expected, business and operating cash flows in 2023 have once again reached pre-pandemic levels, with projects progressing normally and in line with the schedule agreed with customers. In addition, in 2023 the Group certified exchange orders and claims under negotiation and made further progress in implementing plans to improve efficiency and cash flows. In addition, in May 2023 the Group increased share capital by approximately EUR 150 million, in compliance with the requirements to strengthen equity included in the financing obtained through the Fund for Supporting the Solvency of Strategic Companies. Against this backdrop, in which the volume of new project contracts must also be taken into account, the Group has substantially reduced its debt levels and consolidated an improvement in its financial and equity position.

3.2. Capital risk management

The Group's objectives in relation to managing capital are based on guaranteeing its commercial activity, offering our customers and potential customers sufficient capital to guarantee our ability to handle the needs of their current and future projects.

The Group monitors capital on the basis of the leverage ratios set out below. The leverage ratio is calculated as financial debt (as calculated for covenant compliance purposes) divided by equity. Equity is the amount shown in the consolidated financial statements. Likewise, the index is calculated that determines the ratio between the net cash position (see calculation in Note 3.1.3) and equity.

	Thousands of euros	
	2023	**2022**
Borrowings (Note 20)	(685,899)	(802,131)
Net cash position and FAFV	347,758	157,549
Equity	324,517	83,014
% Borrowings / Equity	211.36%	966.26%
% Net cash position and FAFV / Equity	107.16%	189.79%

*This amount does not include borrowings associated with rights of use of leased assets or the participating loan

3.3. Fair value

The table below includes an analysis of the financial instruments, classified by valuation method, that are measured at fair value.

The various levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

- Inputs other than prices quoted included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). The following table presents the Group's assets and liabilities measured at fair value at 31 December 2023 and 2022.

	Thousands of euros			
At 31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total balance**
Assets				
Financial assets at fair value through other comprehensive income	-	264	-	264
Hedging derivatives (Note 10)	-	26,131	-	26,131
Total assets	**-**	**26,395**	**-**	**26,395**
Liabilities				
Hedging derivatives (Note 10)	-	1,058	-	1,058
Total liabilities	**-**	**1,058**	**-**	**1,058**
At 31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Total balance**
Assets				
Financial assets at fair value through other comprehensive income	-	264	-	264
Hedging derivatives (Note 10)	-	38,697	-	38,697
Total assets	**-**	**38,961**	**-**	**38,961**
Liabilities				
Hedging derivatives (Note 10)	-	22,277	-	22,277
Total liabilities	**-**	**22,277**	**-**	**22,277**

There were no transfers between levels 1 and 2 during the year.

a) Level 1 financial instruments

The fair value of the financial instruments traded in active markets is based on the market prices at the reporting date. A market is considered to be active if quoted prices are readily and regularly available from a stock exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the financial assets held by the Group is the current bid price. These instruments are included in level 1.

b) Level 2 financial instruments

The fair value of financial instruments that are not listed on an active market (e.g. OTC derivatives) is determined using valuation techniques. These valuation techniques maximise the use of the observable market data available and rely as little as possible on entity-specific estimates. If all the significant inputs required to calculate an instrument's fair value are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of the interest rate swaps is calculated as the present value of the estimated future cash flows based on estimated interest rate curves.

- The current value of foreign currency futures is determined using the future exchange rates on the balance sheet date, discounted to their present value.
- Other techniques, such as discounted cash flow analysis, are used to determine the fair value of the remaining financial instruments.

There were no transfers between levels in 2023 or 2022.

With regard to financial instruments, credit risk must be included in measurements at fair value, whereby credit risk is understood to be the credit risk of the counterparty and the Group's own credit risk, where applicable.

Due to the nature of the Group's portfolio, the application of credit risk mainly affects the portfolio of financial derivatives designated as cash flow hedges, given that they are measured at fair value.

These instruments are unique in that the expected cash flows are not pre-determined; rather, they vary based on the underlying financial variable, so the determination of the credit risk to be applied, i.e., the Company's own credit risk or that of the counterparty, is not intuitive, but rather depends on market conditions at any given time and must therefore be quantified using measurement models.

The derivatives arranged by the Group relate mainly to currency futures and commodities futures.

Currency forwards consist of the purchase of one currency against the sale of a different currency in which the exchange rate is fixed on the date of the contract to be delivered or settled in the future, starting on the third business day after the contract date.

Commodity forwards consist of the future purchase or sale of a raw material in which the exchange rate is fixed on the date of the contract and that are to be delivered or settled in the future, starting on the third business day after the contract date.

The Group uses hedge accounting for the cases described above, foreign currencies and commodities, and performs effectiveness tests and monitors them on a regular basis to prove compliance with this effectiveness and ensure it is correctly carried over to the financial statements.

The effect of credit risk on the value of currency and commodity forwards will depend on future settlements. If the settlement is favourable for the Group, a credit spread is incorporated for the counterparty to quantify the probability of default upon maturity; otherwise, if the settlement is expected to be negative for the Group, the credit risk is applied to the Group's final settlement. To determine whether or not the settlement of the forwards will be favourable for the Group, a stochastic model is used to simulate the derivative's behaviour in different scenarios using mathematical models that consider the volatility of the underlying asset and applying the resulting credit spread to each simulation.

3.4. Environmental risk management

Sustainability risk management is a fundamental tool for the Técnicas Reunidas Group and is integrated into its business model and the Company's general risk prevention system.

In 2023 the Company completed a full double materiality assessment of its ESG risks, focusing on both their impact and probability of occurrence, which will be included in the transactions and identifies the main risks and challenges faced by Técnicas Reunidas from the point of view of sustainability.

This risk assessment has taken into consideration best practices and methodologies at the international level (COSO, WBCSD) and the TCFD recommendations. The ESG risk analysis considered 58 external and internal risks corresponding to the Company's main areas of activity (i.e. HSE, Secretariat of the Board-Sustainability, Human Resources, Procurement and Construction, Energy Transition, Compliance, Insurance and Others), of which 21 risks are environmental, 18 social and 19 relate to governance.

The main pillars of the Company's sustainability model are the Sustainability Policy, approved by the Board of Directors in 2020, and the Sustainability Plan, approved in 2021.

The Group is well positioned overall and consistently demonstrates leadership as regards climate change, diversification of its activities and adaptation to new trends. This enables the Group to adapt to the opportunities that will arise from increased regulatory pressure on environmental issues, as it has the technology and solutions to help its customers meet these growing environmental demands.

In particular, this diversification of activities focuses on working with customers to make environmental improvements to their facilities, including natural gas activities, clean fuels, chemical products, low-carbon technology (hydrogen, CO_2 sequestration and capture, circular economy and bioproducts) and, therefore, the reduction of greenhouse gas emissions.

Regarding the Group's position in the fight against climate change, this year, within the framework of the Sustainability Plan, TR became a member of SBTi, a global initiative that assesses and validates short-term emission reduction targets and long-term climate neutrality targets, both based on science.

In addition, the Company has achieved SBTi validation of these decarbonisation targets, which include the reduction by 2030 of its scope 1, 2 and 3 emissions by 46.2% compared to the base year 2019 and the Net Zero target for 2040, with specific actions to achieve these targets.

TR is also keenly aware of the potential impact that climate change may have on its business, and it has developed a climate risk and opportunity matrix together with the relevant adaptation plan, transparently reporting its climate change performance through participation in initiatives such as the Carbon Disclosure Project (CDP) in which TR has participated for several years. In 2023, the Company improved its high rating and obtained an A, the highest possible score, in the Climate Change category, therefore placing TR among the group of leading companies worldwide in terms of climate change for CDP. TR therefore stands out positively in the following categories: governance, scope 1, 2 and 3 emissions, emissions reduction initiatives, strategy, scenario planning and analysis, risk management processes, disclosure of risks, and value chain.

Finally, the Company obtained a score of 56/100 (corresponding to the 96th percentile, as the average score for the sector is 24/100) in its participation in the S&P Global Corporate Sustainability Assessment (CSA), placing it among the companies with the best ESG performance in the industry. The CSA is an annual assessment of corporate sustainability practices, including environmental sustainability, based on a methodology that focuses on both industry-specific and financially meaningful sustainability criteria. More than 10,000 companies worldwide are rated using this assessment.

As regards overall sustainability risk, the Técnicas Reunidas Group has an advanced model for environmental risk management, an activity integrated into the Group's strategy and focused on the environmental requirements of all its activities.

The Group develops products, systems and services with the aim of obtaining energy that is more sustainable, affordable and reliable and that meets current environmental requirements. All projects must comply with climate change initiatives focused on reducing CO2 emissions and improving the waste management system, focusing on waste reduction from a circular economy perspective. To this end, Técnicas Reunidas has implemented methodologies that ensure the monitoring and verification of environmental information in its projects.

The Group is primarily exposed to energy transition risks, in particularly those that depend on regulatory developments that could have an impact on various clients. An increasingly demanding regulatory environment, which can translate into significant reputational risk at the corporate level.

In addition, the Group is also exposed to physical risks, particularly the geographic location of some clients, which are subject to extreme temperatures (for example, the Middle East, and Canada), which can lead to changes in working conditions during the performance of projects.

For its part, the Company developed a circular economy strategy in 2023 within the framework of the Company's Sustainability Policy, having created an internal multidisciplinary group to ensure its implementation in projects and, within its offices, various energy efficiency measures have been developed, such as using smart systems and conducting employee awareness campaigns.

4. Accounting estimates and judgements

When preparing the consolidated financial statements in accordance with EU-IFRSs, Management must make estimates and assumptions that may affect the accounting policies adopted and the amount of assets, liabilities, income and expenses and the related breakdowns. Estimates and assumptions are based, among other aspects, on historical experience or other events considered reasonable in view of the facts and circumstances analysed. The resulting accounting estimates may differ significantly from the corresponding outcomes in real life. The main estimates are the following:

4.1. Income tax and deferred tax assets

The Group is subject to income tax in several jurisdictions. A significant degree of judgement is required to determine the provision for income tax at a global level. There are several transactions and calculations for which the final determination of the tax is uncertain. The Group recognises liabilities for potential tax claims based on the estimate of whether or not additional taxes will be necessary. If the final amount of taxes differs from what was initially recorded, any such differences will affect the income tax and the provisions for deferred taxes for the year in which said determination was made.

The tax expense therefore amounted to EUR 43,602 thousand in 2023 (EUR 15,950 thousand in 2022) (see Note 26).

The Group also assesses the recoverability of deferred tax assets based on the existence of future taxable profit against which these assets may be utilised.

4.2. Useful lives of property, plant and equipment and intangible assets

Group Management determines the estimated useful lives and the related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The useful lives of its non-current assets are estimated based on the period over which the assets will generate economic benefits.

At each reporting date, the Group reviews the useful lives of its assets and if the estimates differ from those previously made, the effect of the change is recognised prospectively as from the year in which the change is made. Historically, there were no material adjustments made in relation to the useful lives of the assets.

4.3. Accounts receivable

The Group makes estimates relating to the collectability of trade receivables for projects affected by ongoing disputes or litigation in progress as a result of not accepting the work carried out or failure to comply with contractual clauses related to the performance of the assets delivered to clients. In addition and in compliance with IFRS 9, the Group estimates impairment based on expected loss.

4.4. Provisions

Provisions are recognised when it is probable that a present obligation, resulting from past events, will require an outflow of resources and when the amount of the obligation may be reliably estimated. Significant estimates are required to fulfil the applicable accounting requirements. Group management makes estimates, evaluating all relevant information and events, the probability of a contingency occurring and the amount of the liability to be settled in the future.

4.5. Revenue and expense recognition

The Group uses the percentage of completion method to recognise revenue and expenses. The percentage of completion is determined based on a financial assessment of the tasks effectively carried out as of the balance sheet date as a percentage of the total estimated costs for each contract.

This revenue recognition method is applied only when the outcome of the contract can be reliably estimated and it is likely that the contract will generate profits. If the outcome of the contract cannot be reliably estimated, revenue is recognised to the extent that costs are recovered. When it is likely that the costs of the contract will exceed contract revenue, the loss is immediately recognised as an expense.

When applying the percentage-of-completion method, the Group analyses various factors that may give rise to changes in the estimated costs of the projects with regard to that plant and, based on this analysis, makes significant estimates relating to the total costs necessary to perform the contract. These estimates are reviewed and assessed regularly in order to verify whether or not a loss has been generated and whether it is possible to continue applying the percentage-of-completion method or whether it is necessary to re-estimate the expected margin on the project. Revenue from claims made by the Group against customers or from changes in the scope of the projects are included in contract revenue when it is highly probable that the Group will receive an inflow of funds (see Note 2.19).

4.6. Fair value of unlisted financial instruments

The fair value of those financial instruments that are not traded on an active market (e.g. OTC derivatives) is determined using valuation techniques. The Group exercises judgement in selecting a range of methods and making assumptions that are based mainly on prevailing market conditions at the reporting date. The Group used the discounted cash flow analysis for various exchange rate and commodity contracts that are not traded on an active market.

4.7. Warranty claims

The contracts with clients establish a warranty period of 12 to 24 months. The warranty period does not entail a separate service, but is related to the proper functioning of the plant. These are industry-specific warranties and include standard terms in accordance with the legal requirements of each country where the Group operates. Management estimates the relevant provision for future warranty claims based on past information regarding such claims, as well as recent trends that may suggest that past information regarding costs may differ from future claims. The Group also had similar warranties with its main subcontractors.

4.8. Impairment of concession assets

The estimated recoverable amount of the concessions operated by the Group was determined by evaluating the different external and internal circumstances that could give rise to indications of impairment, such as the market value of the asset, offers received for the assets, changes in business plans, changes in management or in the environment (legal, fiscal, economic, etc.), interest rate fluctuations, obsolescence or physical impairment.

In applying the accounting policies, different judgments have not been applied to the estimates detailed above.

5. Segment information

Segment information included in the Consolidated Financial Statements is presented in accordance with the disclosure requirements of IFRS 8 'Operating Segments'. The segments are presented following the structure of the Group's business, providing information based on the geographical areas in which the Group operates.

Although the Group's core business is providing engineering and construction services, the above segment reporting format is presented on the understanding that the risks and rewards that may arise from its business activities and the specialisation required to complete projects in these segments, among other differentiating factors, make this segment distinction necessary to provide an optimal understanding of the business structure.

The different operating segments can be summarised as follows:

Refining: This line provides management, engineering, procurement, construction and commissioning services for facilities along the entire value chain for the production of fuels that meet the highest standards (euro V/euro VI). These facilities convert waste flows into high quality fuels, optimising the use of natural resources.

The Group also has extensive experience in the design and construction of the most advanced technologies for clean refining production processes. TR also offers its clients the possibility of modernising existing plants with the aim of improving their efficiency and making progress in the sustainability actions and commitments that they have decided to implement.

Natural Gas: This line provides direction, management, engineering, procurement, construction and commissioning services for facilities throughout the supply chain, from natural gas production to regasification terminals, as natural gas is a key fuel for advancing toward decarbonisation objectives. In this regard, the Group has designed and built all types of facilities, from production facilities in natural gas fields, to treatment and processing plants, compressor stations, liquefaction, storage tanks and final regasification facilities.

Petrochemical: This area provides direction, management, engineering, procurement, construction and start-up services for facilities dedicated to the production of basic chemical materials used in water distribution, pharmaceuticals, health, food, energy efficiency in buildings and transport systems, among others. The refining production plants are being integrated with petrochemical operations, supplying both markets in an efficient and flexible manner and optimising the consumption of natural resources.

Low-carbon technologies: This segment comprises the following lines of activity:

(i) Hydrogen;

Through this business line, the Group is actively involved in offering solutions for different types of hydrogen, helping its customers to integrate this element into their production processes with storage solutions or by blending it with existing gas networks.

(ii) Carbon capture and storage

The Carbon Capture and Storage ('CCS') line helps energy-intensive industrial companies, such as the steel, chemical, cement and paper industries, to reduce carbon emissions from their assets. High-intensity industrial facilities are complex, with space and operational constraints that make it difficult to install new processes. Faced with these challenges, the Group accelerates its customers' energy transition to a zero-emission future by implementing carbon capture technologies in their industrial processes. Once captured, the carbon dioxide is permanently stored or subsequently converted into synthetic fuels.

(iii) Circular Economy and Bioproducts

Within this line of activity, the Group provides services to produce biomethane and convert biomass and waste into fuels (biodiesel and biokerosene), chemicals and power and steam generation.

Other: This segment provides direction, management, engineering, procurement, construction and commissioning services for facilities related to activities outside the Group's business lines. The main activities are water treatment, port infrastructures and oil production. Also included in this segment are those projects whose completion was not achieved as a result of customer termination of the contract, through the enforcement of guarantees. The purpose of this inclusion is to avoid distorting the analysis of the remaining segments.

The overhead expenses related to head office and functional departments that do not generate revenue or that may generate revenue that are only incidental to the Group's activities and that, in either case, cannot be allocated to any operating segment or included as part of an operating segment, as referred to in IFRS 8.6, are classified as 'Unallocated'.

The operating segment analysis is based on an assessment of the profit/loss from segment operations, adjusted for unallocated Group overheads. In addition, the Group manages financing activities and the effect of income tax. Therefore, finance income, finance costs and income tax, as well as financial debt and taxes payable, have not been allocated by segment. In addition, non-current assets and the related depreciation, amortisation or impairment are not allocated as they are not considered to be material.

No sales were made between the different operating segments in 2023 and 2022.

	Thousands of euros													
	Refining		Natural gas		Petrochemical		Low-carbon technologies		Other		Unallocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Results by segment														
Revenue	947,510	1,425,936	2,347,431	1,632,121	611,565	1,632,121	42,017	5,716	186,628	327,041	-	-	4,135,152	4,233,370
Profit/(loss) from operations	10,235	73´476	174,049	55,487	105,240	55,487	4,735	(1,114)	(40,388)	(115,998)	(97,323)	(92,656)	156,598	8,741
Profitability %	1,1%	5,2%	7,4%	3,4%	17,2%	10,6%	11,3%	-19,5%	-21,6%	-35,5%	-	-	3,8%	0,2%
Net financial profit (loss) (Note 25)	-	-	-	-	-	-	-	-	-	-	(52,849)	(27,166)	(52,849)	(27,166)
Earnings from sales and share in profit/(loss) of associates	-	-	-	-	-	-	-	-	-	-	(416)	(110)	(416)	(110)
Profit/loss before tax	-	-	-	-	-	-	-	-	-	-	-	-	103,332	(18,534)
Income tax	-	-	-	-	-	-	-	-	-	-	(43,602)	(15,950)	(43,602)	(15,950)
Profit/loss for the year													59,730	(34,484)
Assets and liabilities by segment														
Assets	1,609,193	1,889,902	1,746,495	1,569,310	348,805	567,478	12,696	2,480	162,299	183,814	620,477	606,756	4,499,964	4,818,739
Associates	1,500	(1,182)	-	-	-	-	-	-	(550)	(2,197)	-	-	950	(3,379)
Total Assets	1,610,693	1,888,720	1,746,495	1,569,310	348,805	567,478	12,696	2,480	167,749	181,671	620,477	606,756	4,500,915	4,816,360
Total Liabilities	1,290583	1,726,886	1,392,861	1,325,698	333,010	427,139	9,390	884	25,611	49,456	1,124,943	1,203,283	4,176,398	4,733,346
Investments in non-current assets (Notes 6 and 7)	2,911	1,207	471	228	71	110	-	-	43	28	10,514	1,188	14,009	2,762
Other segment information														
Depreciation of property, plant and equipment (Note 6)	-	-	-	-	-	-	-	-	-	-	4,310	5,033	4,310	5,033
Amortisation of intangible assets (Note 7)	-	-	-	-	-	-	-	-	-	-	1,699	1,826	1,699	1,826
Impairment of trade receivables (Note 11)	-	-	-	-	-	-	-	-	-	-	5,139	9,305	5,139	9,305

Revenue from external clients is allocated based on the country in which the client is located. The breakdown is as follows:

	Thousands of euros	
	Revenue	
	2023	2022
Spain	62,782	71,331
Middle East	2,135,889	2,354,156
America	724,960	538,287
Asia	488,378	360,054
Europe	644,042	482,918
Mediterranean	79,101	426,623
	4,135,152	**4,233,370**

Income from the Middle East relates mainly to operations in Saudi Arabia, Abu Dhabi, Kuwait, Bahrain and Oman; in America, income comes primarily from operations in Peru, Mexico, Colombia and Chile; in Asia this income is from operations in Malaysia, Thailand and Singapore; in Europe the operations were focused primarily in Poland; and in the Mediterranean operations were focused basically on Turkey and Algeria, as well as other countries.

The revenue generated by the Group's top five clients accounted for 59.76 % of total revenue in 2023 (2022:61.92%). Revenue generation by clients that individually accounted for over 10% of total consolidated revenue in 2023 amounted to EUR 1,925,367 million (2022: EUR 1,742 million).

All assets and liabilities allocated to the operating segments are measured using the same criteria as those described in Note 2. These assets and liabilities are allocated by region based on their physical location. The detail of the assets and investments in non-current assets is as follows:

	Thousands of euros			
	Assets		Investments in non-current assets	
	2023	2022	2023	2022
Spain	639,307	575,031	57	28
Middle East	2,315,721	2,463,416	469	242
America	620,058	666,793	464	234
Asia	108,293	187,295	2,059	893
Europe	525,087	398,266	13	0
Mediterranean	128,257	357,509	450	177
Subtotal	4,336,724	4,648,309	3,513	1,574
Associates	950	-3,379	0	0
Unallocated	163,241	171,430	10,496	1,188
	4,500,915	4,816,360	14,009	2,762

The reconciliation of the assets and liabilities of the reportable segments to total assets and liabilities is provided as follows:

	Thousands of euros	
	2023	**2022**
Segment assets	3,880,438	4,209,604
Unallocated:		
Non-current assets	335,340	384,407
Current assets	285,137	222,349
	4,500,915	4,816,360

	Thousands of euros	
	2023	**2022**
Liabilities by Segment	3,051,455	3,530,064
Unallocated:		
Non-current liabilities	646,037	822,268
Current liabilities	478,905	381,015
	4,176,398	4,733,346

6. Property, plant and equipment

The detail of ‘Property, plant and equipment’ and of the changes to it is as follows:

	Thousands of euros					
Cost	**Land and buildings**	**Plant and machinery**	**Furniture and equipment**	**Property, plant and equipment in the course of construction**	**Other items of property, plant and equipment**	**Total**
1 January 2022	**13,274**	**25,739**	**31,421**	**2,537**	**4,890**	**77,861**
Increases	12	409	2,150	-	82	2,652
Reductions	-	(386)	(814)	-	(84)	(1,284)
Exclusions from the scope of consolidation	(12,648)	(8,852)	(1,482)	-	(61)	(23,043)
Translation differences and IAS 29	(5)	262	1,140	-	190	1,587
31 December 2022	**633**	**17,172**	**32,415**	**2,537**	**5,017**	**57,774**
Increases	6,844	532	6,549	-	45	13,970
Reductions	(175)	(1,091)	(1,798)	-	(297)	(3,361)
Translation differences and IAS 29	300	231	(744)	-	(65)	(278)
31 December 2023	**7,602**	**16,844**	**36,422**	**2,537**	**4,700**	**68,105**

Accumulated depreciation and impairment losses	**Land and buildings**	**Plant and machinery**	**Furniture and equipment**	**Property, plant and equipment in the course of construction**	**Other items of property, plant and equipment**	**Total**
1 January 2022	**1,609**	**20,650**	**26,385**	**2,537**	**2,826**	**54,007**
Increases	309	1,520	3,113	-	91	5,033
Reductions	-	(386)	(782)	-	(81)	(1,249)
Exclusions from the scope of consolidation	(1,863)	(7,571)	(1,480)	-	(58)	(10,972)
Translation differences and IAS 29	(7)	230	1,018	-	175	1,416
31 December 2022	**48**	**14,443**	**28,254**	**2,537**	**2,953**	**48,235**
Increases	917	503	2,795	-	95	4,310
Reductions	(71)	(926)	(1,771)	-	(329)	(3,097)
Translation differences and IAS 29	(2)	(39)	(597)	-	(71)	(709)
31 December 2023	**892**	**13,981**	**28,681**	**2,537**	**2,648**	**48,739**
Net balance at 1 January 2022	**11,665**	**5,089**	**5,036**	**-**	**2,064**	**23,854**
Net balance at 31 December 2022	**585**	**2,729**	**4,161**	**-**	**2,064**	**9,539**
Net balance at 31 December 2023	**6,710**	**2,863**	**7,741**	**-**	**2,052**	**19,366**

‘Land and buildings' mainly include parking spaces that are owned by certain Group companies.

The additions to ‘Land and buildings’ in 2023 relate mainly to the facilities acquired in Poland for the implementation of an EPC project. The additions to ‘Furniture and equipment’ mainly relate to acquisitions of computer equipment, mainly in Spain and India, as a result of the increase in activity in these countries.

The amounts included under 'Exclusions from the scope of consolidation' in 2022 correspond to the assets of Ibérica del Espacio, S.A., which was sold that year (see Note 2.3.1).

At 31 December 2023, the Group had investments in property, plant and equipment abroad for a total cost of EUR 38,463 thousand (2022: EUR 30,823 thousand) and accumulated depreciation of EUR 27,591 thousand (2022: EUR 28,210 thousand).

The Group takes out all of the insurance policies it considers necessary to cover the risks that might affect its property, plant and equipment.

In 2023 and 2022, no provision was made for the depreciation of property, plant and equipment.

7. Intangible assets

The detail of 'Intangible assets' and of the changes therein is as follows:

	Thousands of euros		
	Administrative concessions	Computer software and other intangible assets	Total
Balances at 1 January 2022	**74,361**	**5,040**	**79,401**
Increases	-	109	109
Reductions	-	(187)	(187)
Exclusions from the scope of consolidation	-	(928)	(928)
Translation differences and adjustments due to IAS 29	-	63	63
Balances at 31 December 2022	**74,361**	**4,097**	**78,458**
Increases	-	38	38
Reductions	-	(206)	(206)
Translation differences and adjustments due to IAS 29	-	(44)	(44)
Balances at 31 December 2023	**74,361**	**3,885**	**78,246**

Accumulated depreciation and impairment losses	Administrative concessions	Computer software and other intangible assets	Total
Balances at 1 January 2022	**27,097**	**3,555**	**30,652**
Increases	1,483	343	1,826
Reductions	-	(187)	(187)
Exclusions from the scope of consolidation	-	(870)	(870)
Translation differences and IAS 29	-	57	57
Balances at 31 December 2022	**28,580**	**2,898**	**31,478**
Increases	1,515	184	**1,699**
Reductions	-	(201)	**(201)**
Translation differences and IAS 29	-	(42)	**(42)**
Balances at 31 December 2023	**30,095**	**2,839**	**32,934**
Net balance at 1 January 2022	**47,264**	**1,485**	**48,749**
Net balance at 31 December 2022	**45,781**	**1,199**	**46,980**
Net balance at 31 December 2023	**44,266**	**1,046**	**45,312**

Research and development expenditure charged directly to the income statement during the year amounted to EUR 10,500 thousand (2022: EUR 7,200 thousand).

'Computer software and other intangible assets' includes the title to and the right to use computer programs acquired from third parties. Computer software does not include the amounts related to the internal development of computer programs.

No finance costs were capitalised in 2023 or 2022.

In 2023 and 2022, no provision was made for the depreciation of intangible assets.

a) Administrative concessions

This heading includes the following public service concession arrangements:

	Concession	Year completed	Remuneration	Redemption
1	Alcobendas Sports Complex	2062	User charges	At end of concession term
2	Sports Complex, car park and public spaces at the La Viña Shopping Centre in San Sebastián de los Reyes	2063	User charges	Period may be extended up to 60 years upon approval by the Municipal Council
3	Underground car park at Huercal - Overa (Almeria)	2036	User charges	Subject to successive term extensions.

Concession assets are financed by borrowings amounting to EUR 9,892 thousand (2022: EUR 11,656 thousand).

Operating income from managing these concessions amounted to EUR 5,675 thousand (2022: EUR 5,961 thousand).

8. Rights of use on leased assets

The detail of and the changes to 'Rights of use on leased assets' are as follows:

	Thousands of euros			
	Offices	**Housing**	**Vehicles**	**Total**
Cost				
1 January 2022	**70,537**	**14,958**	**14,750**	**100,245**
Additions	6,577	5,188	3,372	15,137
Disposals	(508)	(4)	(13)	(525)
Changes due to amendments to existing contracts	14,093	-	-	14,093
Translation differences	806	991	960	2,757
31 December 2022	**91,505**	**21,133**	**19,069**	**131,707**
Additions	7,611	4,171	3,956	15,738
Disposals	(40,780)	(15,269)	(15,470)	(71,519)
Reclassifications	-	(210)	210	-
Changes due to amendments to existing contracts	(2,276)	(215)	(259)	(2,750)
Translation differences	(373)	(141)	(549)	(1,063)
31 December 2023	**55,687**	**9,469**	**6,957**	**72,113**
Amortisation charge				
1 January 2022	**33,941**	**11,827**	**13,991**	**59,759**
Charge for the year	13,601	1,812	3,591	19,004
Disposals	(508)	(4)	(13)	(525)
Translation differences	652	741	766	2,159
31 December 2022	**47,686**	**14,376**	**18,335**	**80,397**
Charge for the year	12,963	3,693	3,275	19,931
Disposals	(40,780)	(15,269)	(15,470)	(71,519)
Reclassifications	-	2,164	(2,164)	-
Translation differences	(582)	(192)	(279)	(1,053)
31 December 2023	**19,287**	**4,772**	**3,697**	**27,756**
Net balance at 1 January 2022	**36,599**	**3,130**	**757**	**40,486**
Net balance at 31 December 2022	**43,818**	**6,758**	**734**	**51,310**
Net balance at 31 December 2023	**36,400**	**4,697**	**3,260**	**44,357**

The disposals in 2023 relate to those rights of use that had been fully amortised at 31 December 2023.

The additions for 2023 relate to the entry into force of new office rental agreements, mainly in India, Spain and Abu Dhabi, and to the new leases for housing units and vehicles for employees mainly in Singapore and Abu Dhabi and Saudi Arabia, respectively, as a result of new projects being started.

The amounts paid in relation to rights of use on leased assets at 31 December 2023 amounted to EUR 20,855 thousand (2022: EUR 20,031 thousand).

At 31 December 2023, the borrowings associated with the rights of use of leased assets amounted to EUR 45,643 thousand (2022: EUR 52,401 thousand) and the interest charged to the income statement amounted to EUR 1,205 thousand (2022:. EUR 900 thousand).

The change due to amendments to existing leases in 2022 reflects the change in the extension of the lease for the offices of the Gorbea complex.

The rights of use are not directly related to the Group's cash generating units. As at 31 December 2023 no impairment of these assets has become evident. The related liabilities are recorded at that date.

9. Investments in associates

The detail of and changes in investments in associates is as follows:

	Thousands of euros	
	2023	**2022**
Beginning balance	**1,529**	**1,639**
Share of profit/(loss)	(416)	(110)
Ending balance	**1,113**	**1,529**

The amount of this heading includes the interest in the equity of associates (over which it does not have control). At 31 December 2023, it related mainly to the stake in the company Minatrico S. de. R.L. de C.V.

'Share in profit/(loss) of associates' in 2023 and 2022 included the share in the profit/loss of Master S.A de Ingeniería y Arquitectura.

The reporting date of the financial statements of all associates coincides with the reporting date of the Parent's financial statements. The Group's interest in its main associates, all of which are unlisted, is as follows:

Name	Country of incorporation	Assets	Liabilities	Revenue	Profit/(loss)	% ownership interest
2023						
Master S.A de Ingeniería y Arquitectura	Spain	21	1,396	282	(416)	40.00%
Ebramex S. de R.L. de C.V.	Mexico	232	13,624	-	-	33.33%
Minatrico S. de R.L. de C.V.	Mexico	14,244	6,786	-	-	33.33%

Name	Country of incorporation	Assets	Liabilities	Revenue	Profit/(loss)	% ownership interest
2022						
Master S.A de Ingeniería y Arquitectura	Spain	2,576	8,069	715	(275)	40.00%
Ebramex S. de R.L. de C.V.	Mexico	208	12,231	-	-	33.33%
Minatrico S. de R.L. de C.V.	Mexico	12,787	399	-	-	33.33%

This balance relates to minor investments in companies that are not listed on any active market and over which the Group does not have control.

No provisions for impairment losses in investments in associates were recognised in 2023 or 2022.

10. Financial instruments

10.1. Financial instruments by category

The detail, by nature and measurement category, of the financial assets (excluding cash and cash equivalents) and financial liabilities for the years ended 31 December 2023 and 2022, is as follows:

	Thousands of euros		
	At 31 December 2023		
	Financial assets through other comprehensive income	**Amortised cost**	**Hedging derivatives (Note 10.2)**
Nature / Category			
Accounts receivable and other financial assets (Note 13)	264	91,773	-
Long-term/non-current	**264**	**91,773**	**-**
Derivatives	-	-	26,131
Loans and receivables (Note 11)	-	2,854,430	-
Accounts receivable and other financial assets (Note 13)	-	8,511	-
Short-term/current	**-**	**2,862,941**	**26,131**
Total financial assets	**264**	**2,954,714**	**26,131**

	Thousands of euros		
	At 31 December 2022		
	Financial assets through other comprehensive income	**Amortised cost**	**Hedging derivatives (Note 10.2)**
Nature / Category			
Derivatives	-	-	1,237
Accounts receivable and other financial assets (Note 13)	264	95,164	-
Long-term/non-current	**264**	**95,164**	**1,237**
Derivatives	-	-	37,460
Loans and receivables (Note 11)	-	3,174,557	-
Accounts receivable and other financial assets (Note 13)	-	21,493	-
Short-term/current	**-**	**3,196,049**	**37,460**
Total financial assets	**264**	**3,291,214**	**38,697**

	Thousands of euros			
	2023		2022	
Financial liabilities	**Accounts payable**	**Hedging derivatives (Note 10.2)**	**Accounts payable**	**Hedging derivatives (Note 10.2)**
Nature / Category				
Participating loans (Note 20)	175,000	-	175,000	-
Borrowings (Note 20)	380,758	-	600,209	-
Borrowings associated with rights of use of leased assets (Note 8)	25,746	-	35,122	-
Derivatives	-	-	-	-
Other accounts payable	262	-	255	-
Non-current payables/Non-current financial liabilities	**581,766**	**-**	**810,586**	**-**
Borrowings (Note 20)	305,141	-	201,922	-
Borrowings associated with rights of use of leased assets (Note 8)	19,897	-	17,279	-
Derivatives	-	1,058	-	22,277
Commercial accounts payable (Note 19)	3,076,251	-	3,487,476	-
Other accounts payable	22,479	-	18,763	-
Current payables/Current financial liabilities	**3,423,768**	**1,058**	**3,725,440**	**22,277**
Total financial liabilities	**4,005,534**	**1,058**	**4,536,026**	**22,277**

10.2. Derivative financial instruments

The detail of derivative financial instruments at the end of 2023 and 2022 is as follows:

	Thousands of euros			
	2023		2022	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Foreign currency forward contracts - cash flow hedges	26,029	974	38,676	22,277
Commodity forward contracts	102	84	21	-
Total	**26,131**	**1,058**	**38,697**	**22,277**
Non-current portion	**-**	**-**	**1,237**	**-**
Current portion	**26,131**	**1,058**	**37,460**	**22,277**

The derivative financial instruments arranged by the Group relate mainly to the foreign currency forwards to cover highly probable future cash flows.

The Group assesses the effectiveness of the hedges by conducting efficacy tests (prospective tests) in which the changes in hedged cash flows are compared with the changes in the cash flows of the assigned derivative.

The detail of the maturities by year of the notional amounts of the contracts in force at 31 December 2023 and 2022 is as follows:

Type of instrument	Fair value (thousands of euros) 2023	Currency	Notional maturities (thousands) 2024	2025	2026	2027	Total
Foreign currency forward contracts							
US Dollar / Euro	23,809	USD	912,200	-	-	-	912,200
US Dollar / SGD	267	USD	9,217	-	-	-	9,217
Canadian Dollar / Euro	21	CAD	677	-	-	-	677
Euro / Japanese Yen	1,421	EUR	16,438	-	-	-	16,438
EUR / PLN	511	EUR	16,450	-	-	-	16,450
Commodities	102						
Assets	**26,131**						

Type of instrument	Fair value (thousands of euros) 2023	Currency	Notional maturities (thousands) 2024	2025	2026	2027	Total
Foreign currency forward contracts							
US Dollar / Euro	974	USD	48,200				48,200
Commodities	84						
Liabilities	**1,058**						
Net balances	**25,073**						

Type of instrument	Fair value (thousands of euros) 2022	Currency	Notional maturities (thousands) 2023	2024	2025	2026	Total
Foreign currency forward contracts							
US Dollar / Euro	36,805	USD	543,885	14,400			558,285
US Dollar / SGD	417	USD	14,280				14,280
Canadian Dollar / Euro	261	CAD	5,000				5,000
Euro / Japanese Yen	280	EUR	6,816				6,816
EUR / PLN	934	EUR	15,798				15,798
Assets	**38,697**						

Type of instrument	Fair value (thousands of euros) 2022	Currency	Notional maturities (thousands) 2023	2024	2025	2026	Total
Foreign currency forward contracts							
US Dollar / Euro	21,189	USD	351,500				351,500
Canadian Dollar / Euro	261	CAD	5,000				5,000
US Dollar / Japanese Yen	196	USD	2,331				2,331
EUR / PLN	610	USD	8,963				8,963
Commodities	20						
Liabilities	**22,276**						
Net balances	**16,421**						

The detail of the maturities by year of the fair values of the contracts in force at 31 December 2023 and 2022 is as follows:

	2023	2024	2025	2026	Total fair value
Total assets 2023	-	26,131	-	-	**26,131**
Total liabilities 2023	-	1,058	-	-	**1,058**
Total assets 2022	37,460	1,237	-	-	**38,697**
Total liabilities 2022	22,277	-	-	-	**22,277**

The highly probable forecast transactions denominated in foreign currency that have been hedged are expected to materialise.

The Group's maximum exposure to credit risk at the balance sheet date is the fair value of balance-sheet derivative liabilities.

At 31 December 2023, the cumulative profit, net of tax, in the hedging reserve under consolidated equity, as a result of foreign currency forward contracts, amounted to EUR 10,856 thousand (2022: loss of EUR 14,186 thousand). These results are recognised in the consolidated income statement in the period or periods during which the hedged transaction affects the consolidated income statement. The impact on the consolidated income statement recognised as part of profit or loss from operations in 2023 under "Procurements" and "Revenue" was a loss of EUR 9,409 thousand (2022: loss of EUR 38,197 thousand).

The changes in hedging derivatives and the hedging reserve, as well as their impacts on equity and the income statement during the year, are as follows:

	01.01.2023	Income recognised in equity *	Settlements for the year ***	31.12.2023
Hedging derivatives (net liability position)	16,420	23,885	(15,232)	25,073

	01.01.2023	Income recognised in equity *	Transfers to the income statement **	31.12.2023
Hedging reserve (gross of tax effect)	19,036	(23,885)	(9,409)	(14,258)

* Refers to the portion of the profit or loss on the hedged instrument that has been determined to be an effective hedge.

** Amount taken to the income statement for the year, to the extent that the hedged transaction impacts profit or loss.

*** Value of the hedging derivatives settled by the Group during the year.

	Thousands of euros			
	01.01.2022	Income recognised in equity *	Settlements for the year ***	31.12.2022
Hedging derivatives (net liability position)	(5,309)	(52,382)	74,111	16,420

	01.01.2022	Income recognised in equity *	Transfers to the income statement **	31.12.2022
Hedging reserve (gross of tax effect)	4,851	52,382	(38,197)	19,036

* Refers to the portion of the profit or loss on the hedged instrument that has been determined to be an effective hedge.

** Amount taken to the income statement for the year, to the extent that the hedged transaction impacts profit or loss.

*** Value of the hedging derivatives settled by the Group during the year.

During 2023 and 2022, no ineffectiveness worthy of mention arose as a result of foreign currency hedges, which is recognised, if it arises, in the income statement as financial profit or loss.

11. Trade and other receivables

The detail of this heading at the end of 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Completed work yet to be certified	2,205,045	2,590,176
Trade receivables	295,493	372,992
Customer retentions	163,777	135,884
Less: Provision for impairment of accounts receivable	(43,688)	(46,871)
Trade receivables, net	2,620,627	3,052,181
Other accounts receivable	17,804	6,620
Prepayments	99,003	40,627
Tax receivables	102,491	58,393
Other	14,505	16,736
Total	**2,854,430**	**3,174,557**

<u>Completed work pending certification (OEPC)</u>

The completed work pending certification (OEPC) is calculated in accordance with the revenue recognition criterion established in Note 2.20.

The 'Completed work pending certification' includes the non-contentious claims expected to be collected from clients that are being negotiated and recognised in accordance with that indicated in Note 2.20.

Depending on the types of projects in the portfolio, negotiations with customers regarding claims may go on during the entire life of the project and are usually concluded in the final stage of the project.

In addition, ongoing change orders with clients for changes in the scope or modifications not included in the original contract were also recognised under 'Completed work yet to be certified' in accordance with that indicated in Note 2.20.

The changes in 'Completed work pending certification' in 2023 and 2022 were as follows:

	Thousands of euros			
	Completed work yet to be certified	**Change orders in negotiation**	**Claims in negotiation**	**Total**
Balance at 01 January 2022	**1,410,573**	**180,692**	**490,224**	**2,081,489**
Billing for the year	(1,828,832)	-	-	(1,828,832)
Additions	-	43,784	227,943	271,727
Approved change orders and claims	319,773	(123,667)	(196,106)	-
Derecognitions due to adjustments	-	(5,255)	(28,540)	(33,795)
Changes in level of progress	2,099,587	-	-	2,099,587
Balance at 31 December 2022	**2,001,101**	**95,554**	**493,521**	**2,590,176**
Billing for the year	(2,130,930)	**-**	**-**	(2,130,930)
Additions	**-**	63,125	154,900	218,025
Approved change orders and claims	367,174	(46,351)	(320,823)	-
Derecognitions due to adjustments	-	(1,888)	(17,548)	(19,436)
Changes in level of progress	1,547,210	-	-	1,547,210
Balance at 31 December 2023	**1,784,555**	**110,439**	**310,051**	**2,205,045**

The additions to change orders and claims mainly relate to projects in Saudi Arabia and Qatar, and in both cases their status is expected to be upgraded to 'approved' in the very near future.

In general, the average length of change orders and claims is less than one year, and only in specific cases do they exceed this period.

The change orders and claims approved in 2023 mainly relate to projects in Poland and the United Arab Emirates.

The claims materialisation rate remains above 100% of the amounts recognised by the Group.

The breakdown of the main projects making up the balance of the total amount of completed work pending certification is as follows:

Project	Thousands of euros
MARJAN PACKAGE 9 & 11	599,992
EPC ORLEN	271,407
EPC FOR DALMA GAS DEVELOPMENT PROJECT	189,244
BU HASA Integrated Field Development Pro	130,998
KNPC AL-ZOUR REFINERY PROJECT - PAC	107,560
NEC 10 ppm GB CILC	72,234
BAPCO MODERNIZATION PROGRAM	68,896
	1,440,331
% of total	**65%**

As at 31 December 2023, the total amount of completed work pending certification that is more than 12 months old stands at EUR 441 million (EUR 409 million in 2022), of which EUR 202 million relates to change orders and claims (EUR 318 million in 2022). The Group has assessed its contractual rights and the amounts claimed and considers that the completed work pending certification will be certified without significant differences as regards the amounts recognised.

As at 31 December 2023, the provisions recognised for the completed work pending certification amounted to EUR 55 million (EUR 61 million in 2022), with EUR 9 million recognised in the provision for payables to clients (EUR 15 million in 2022) and EUR 46 million (EUR 46 million in 2022) in the provision for contingencies and charges (Note 21).

In the first two months of 2024, favourable agreements were reached with clients in relation to claims and change orders recognised at 31 December 2023, amounting to EUR 8,337 thousand. Therefore, at the date of authorisation for issue of these financial statements, the total claims and change orders closed favourably in the last 14 months amounted to EUR 375,511 thousand.

At 31 December 2023 and 2022, the total amount requested for claims amounted to EUR 1,032,452 thousand and EUR 1,584,534 thousand, respectively. The breakdown of the geographical areas of the amounts recognised is as follows:

• Middle East: 82.3%

• America: 6.0%

• Mediterranean, Europe and Asia: 11.8%

At 31 December 2023 and 2022, the total amount requested for change orders amounted to EUR 248,477 thousand and EUR 421,812 thousand, respectively.

Trade receivables

The analysis of the age of these accounts receivable is as follows:

	Thousands of euros	
	2023	**2022**
Not due	103,768	156,367
Less than 3 months	88,654	68,085
Between 3 and 6 months	11,071	30,271
More than 6 months	92,000	118,269
	295,493	**372,992**

At formulation date of these consolidated financial statements, EUR 165 million of the debt outstanding as of 31 December 2023 had been collected, of which EUR 50 million corresponds to overdue debt.

The changes in the provision for impairment of accounts receivable and completed work pending certification (OEPC) are as follows:

	Thousands of euros					
	2023			2022		
	Trade receivables	OEPC	Total	Trade receivables	OEPC	Total
Opening balance	**31,942**	**14,929**	**46,871**	**31,216**	**7,429**	**38,645**
Impairment losses charged to income	3,657	1,482	5,139	1,805	7,500	9,305
Amounts used/Reclassifications	(822)	(7,500)	(8,322)	(1,079)	-	(1,079)
Ending balance	**34,777**	**8,911**	**43,688**	**31,942**	**14,929**	**46,871**

At 31 December 2023, trade receivables amounted to EUR 156,948 thousand (2022: EUR 184,682 thousand), which were past due but not impaired. These receivables relate to a number of independent clients for whom there is no recent history of default.

As mentioned in Note 3.1.2, as at 31 December 2023, 64% of the total 'Trade receivables' account (included in trade and other receivables) was concentrated in 10 clients (2022: 63.22%), and they relate to transactions with state-owned oil companies and top multinationals, with which the Group considers that the credit risk is very limited.

There was no significant effect on the fair values of trade and other receivables. Nominal amounts are considered to approximate the fair value of these receivables and the effect of discounting is not significant under any circumstances.

Maximum exposure to credit risk at the reporting date is the carrying amount of the trade and other receivables.

The carrying amounts of the trade receivables account are denominated in the following currencies:

	Thousands of euros	
	2023	2022
Euro	653,498	488,369
US Dollar	1,056,323	1,451,070
KWD	200,624	302,017
SAR	632,895	698,488
Other currencies	311,090	234,613
Total	**2,854,430**	**3,174,557**

The total amount of costs incurred and profit recognised accrued at source for all contracts in progress at the balance sheet date was EUR 25,470,223 thousand (2022: EUR 24,418,733 thousand) and EUR 2,750,460 thousand (2022: EUR 2,292,393 thousand), respectively.

At 31 December 2023, the revenue yet to be accrued from the contracts in progress for the year (not including feeds) amounted to EUR 9,354,653 thousand, which will be performed from 2024 to 2026 based on the annual progress on the various projects (2022: EUR 9,515,847 thousand).

Customer retentions

This heading includes the amounts withheld by customers and that, in accordance with the terms established in the contracts, are recoverable at the end of the contracts.

Prepayments

Prepayments refer to the payments made on account for specific suppliers to be used in the Group's projects. The increase or decrease in the amount of this heading is cyclical and depends on the stage of completion of each of the projects at the reporting date.

Tax receivables

The detail of this heading at the end of 2023 and 2022 is as follows:

	Thousands of euros	
	2023	**2022**
VAT payable	40,140	21,961
Tax withholdings and prepayments	38,674	23,530
Other balances	23,677	12,902
	102,491	**58,393**

12. Inventories

The detail of 'Inventories' is as follows:

	Thousands of euros	
	2023	**2022**
Commodities	-	1,000
Finished goods	6,833	7,037
Write-down of finished products	(297)	(297)
	6,536	**7,740**

13. Accounts receivable and other financial assets

	Thousands of euros	
	2023	2022
Accounts receivable and other non-current financial assets		
Loans to employees	288	146
Long-term loans to associates	264	264
Financial instruments at amortised cost	10,256	10,548
Loans to public authorities	8,569	8,569
Other non-current assets	81,496	84,703
	100,873	**104,230**
Impairment loss on accounts receivable	(8,836)	(8,802)
	92,037	**95,428**
Accounts receivable and other current financial assets		
Loans to venturers in joint ventures and joint arrangements	8,150	10,944
Current investments held to maturity	361	10,549
	8,511	**21,493**

The changes in the provision for impairment of accounts receivable and other financial assets are as follows:

	Thousands of euros	
	2023	2022
Beginning balance	**8,802**	**7,802**
Reversals/Amounts used	(2,752)	-
Allowance	2,786	1,000
Ending balance	**8,836**	**8,802**

The carrying amount of accounts receivable and other financial assets is considered to approximate their fair value. Maximum exposure to credit risk at the reporting date is the carrying amount of the accounts receivable and other financial assets.

‘Financial instruments at amortised cost’ mainly includes the amount of guarantees and deposits.

The 'Other non-current assets’ in 2023 and 2022 include mainly the amounts transferred to clients as security for compliance with any obligations that may arise from the outcome of lawsuits. The Group includes the estimated probable cost that could arise from the outcome of the aforementioned lawsuits under 'Non current provisions’ (Note 21).

The average interest rate on loans to venturers in UTEs and joint ventures in 2023 and 2022 was at market interest rates: Euribor + 2% and other benchmarks 2% in both years.

'Loans to public authorities' includes the balances receivable for various concessions. In 2014, the Group decided to withdraw from the operating concessions due to the fact that after the contracts were awarded to Técnicas Reunidas, there were circumstances that significantly affected and altered the agreed legal relationships and ownership arrangements with the respective local authorities.

The Group informed the local governments of its decision to withdraw from the concessions. As of today’s date the matter has not yet been definitively resolved and the concessions are not operational at this time.

The termination of the concession arrangement should result in a refund of the amounts invested by Técnicas Reunidas.

14. Cash and cash equivalents

The detail of cash and cash equivalents is as follows:

	Thousands of euros	
	2023	**2022**
Cash on hand and at banks	613,245	616,859
Short-term bank deposits and other cash equivalents	420,412	342,821
	1,033,657	**959,680**

This heading includes cash (cash on hand and demand deposits) and cash equivalents (short-term, highly liquid investments, easily convertible into cash within a maximum period of three months the value of which is subject to an insignificant risk of changes in value). The short-term bank deposits earn interest at market rates. The average yields on deposits were EUR 3.70% and USD 5.15% and the average term was 15 days (EUR 0% and USD 1.35% and the average term was 7 days in 2022)

Of the total balance of cash and cash equivalents at 31 December 2023, EUR 479,181 thousand (2022: EUR 436,675 thousand) arose from the inclusion of the joint operations and unincorporated temporary joint ventures in the scope of consolidation, as detailed in Appendices III and IV, respectively.

There were no cash or cash equivalents with restricted availability at 31 December 2023 and 2022, however, the cash from the joint arrangements with other partners is allocated in full to the project subject to such joint venture or UTE.

For the purposes of the statement of cash flows, the cash balance includes cash and cash equivalents.

15. Share capital, share premium and treasury shares

	Thousands of euros			
	Share capital	**Share premium**	**Treasury shares**	**Total**
Balance at 01 January 2022	**5,590**	**8,691**	**(73,269)**	**(58,988)**
Other changes	-	-	360	**360**
Balance at 31 December 2022	**5,590**	**8,691**	**(72,909)**	**(58,628)**
Capital increase	2,440	147,652	-	**150,092**
Other changes	-	-	(924)	**(924)**
Balance at 31 December 2023	**8,030**	**156,343**	**(73,833)**	**90,540**

On 5 May 2023, the capital increase carried out by the Parent, consisting of the issue of 24,405,265 new shares of EUR 0.10 par value each, plus a share premium of EUR 6.05 per share, was registered with the Commercial Registry.

A 31 December 2023, the total authorised number of ordinary shares was 80,301,265 shares (55,896,000 shares at 31 December 2022), with a par value of EUR 0.10 each. All the shares issued are fully paid and carry the same voting and dividend rights. There are no restrictions on the free transferability of the shares.

The changes in 'Treasury shares' in 2023 and 2022 were as follows:

	2023		2022	
	Number of treasury shares	**Thousands of euros**	**Number of treasury shares**	**Thousands of euros**
At beginning of year	2,213,972	72,910	2,250,434	73,269
Increases/purchases	3,651,826	34,215	4,464,816	34,205
Decreases/sales	(3,646,164)	(33,292)	(4,501,278)	(34,565)
At end of year	**2,219,634**	**73,833**	**2,213,972**	**72,909**

At 31 December 2023, treasury shares represented 2.76% of the Parent's share capital (2022: 3.96%) and totalled 2,219,634 shares (2022: 2,213,972 shares) and have a weighted average price of EUR 33.26 per share (2022: EUR 32.93 per share).

Since 21 June 2006, all shares of Técnicas Reunidas, S.A. have been admitted to trading on the four Spanish stock exchanges, and are listed on the Continuous Market.

At 31 December 2023, the share price amounted to EUR 8.35/share, while the average price for the year was EUR 9.14/share.

Share capital of Técnicas Reunidas, S.A. is represented as follows:

	2023	2022
Shareholder	**% ownership interest***	**% ownership interest**
Aragonesas Promoción de Obras y Construcciones, S.L.U.	5.17%	5.10%
Araltec Corporación, S.L.U.	32.39%	31.99%
Franklin Templeton Investment Management Ltd	-	3.00%
Francisco García Paramés	5.26%	5.15%
Álvaro Guzmán de Lázaro Mateos	5.97%	5.04%
Ariel Investments. L.L.C.	-	3.01%
Cobas Selección F.I.	-	3.00%
Other shareholders (including free float)	48.45%	39.75%
Treasury shares	2.76%	3.96%
TOTAL	**100.00%**	**100.00%**

** Ownership interest taken from the Company's shareholder register. These percentages do not coincide with those available on the website of the Spanish National Securities Market Commission for the Company since some of the significant shareholders did not need to update their shareholding because they have not exceeded any of the notification thresholds set out in the applicable regulations.*

In accordance with the notice filed with the Spanish National Securities Market Commission (CNMV), on 12 December 2017 José Lladó Fernández-Urrutia held direct and indirect ownership interest in Técnicas Reunidas, S.A. through Araltec Corporación, S.L.U. and Aragonesas Promoción de Obras y Construcciones, S.L.U., which after the capital increase stood at 37.63%.

The shareholders at the Parent's Annual General Meeting held on 25 June 2020 agreed to authorise the Board of Directors to acquire treasury shares up to the maximum number of shares established by law, at a price that may not be more than 5% higher or lower than the weighted average share price on the day the purchase is made (or the minimum and maximum prices allowed by law at any given time) and with a maximum daily volume that may not be more than 15% of the average daily volume traded on the market for orders of the regulated market or the Spanish multilateral trading system over the previous thirty sessions.

The Parent Company entered into a liquidity agreement with Santander Investment Bolsa, Sociedad de Valores, S.A.U. The framework of this agreement is the Spanish Stock Exchanges and its purpose is to create added liquidity for transactions. The agreement was signed for a term of one year, which was renewed on 10 July 2017 in accordance with CNMV Circular 1/2017, of 26 April, and was automatically extended for additional years on 10 July 2019, and a modifying novation was signed on 20 February 2020. A total of 74,500 shares were allocated to the securities account associated with the agreement and EUR 2,537 thousand were allocated to the cash account associated with the agreement.

16. Other reserves

	Thousands of euros	
	2023	**2022**
Legal reserve	1,137	1,137
Capitalisation reserve	-	3,056
	1,137	**4,193**

16.1. Legal reserve

The legal reserve cannot be distributed to shareholders and can only be used to offset losses, provided that other reserves are not available for this purpose. Under certain conditions, it may also be used to increase share capital.

16.2. Capitalisation reserve

Funds are allocated to the capitalisation reserve in accordance with section 25 of Spanish Law 27/2014 on Corporation Tax (*Ley 27/2014 del Impuesto sobre Sociedades*). This reserve is restricted for a period of five years in accordance with the terms established by this section.

In 2023, this reserve was reclassified to 'Retained earnings', since the period required to maintain it as a restricted reserve has elapsed.

17. Cumulative translation differences

The translation differences in this heading in 2023 and 2022 were as follows:

	Thousands of euros
1 January 2022	**(96,072)**
Group companies and associates	19,906
Adjustment from application of IAS 29	4,281
31 December 2022	**(71,885)**
Group companies and associates	9,063
31 December 2023	**(62,822)**

The breakdown, by company or subgroup, of the cumulative translation differences at the end of 2023 and 2022 is as follows:

	Thousands of euros	
	2023	**2022**
Company or subgroup		
Técnicas Reunidas, S.A.	5,256	7,607
Abu Dhabi branch	*2,743*	*(1,554)*
Australia branch	*(2,284)*	*(2,434)*
Ankara branch	*-*	*832*
Kuwait branch	*5,398*	*11,230*
Algeria branch	*(4,884)*	*(4,827)*
Poland branch	*3,755*	*2,740*
Other	*528*	*1,620*
Técnicas Reunidas RUP Insaat (Turkey)	(13,440)	(9,987)
Técnicas Reunidas TEC (Bolivia)	(4,747)	(4,850)
Técnicas Reunidas Canada (Canada)	-	(15,634)
TSGI Mühendislik İnşaat Limited Şirketi (Turkey)	(35,076)	(34,388)
Técnicas Reunidas Saudia (Saudi Arabia)	(7,948)	(9,662)
Técnicas Reunidas Gulf Ltd. (Saudi Arabia)	3,127	3,993
Técnicas Reunidas Chile Limitada (Chile)	(603)	(40)
Técnicas Reunidas Peru de Talara (Peru)	(15,777)	(15,505)
Técnicas Reunidas Omán LLC (Oman)	94	159
Treunidas Mühendislik ve İnsaat A.S (Turkey)	(1,801)	(1,357)
TR Bapco (Bahrain)	717	2,636
TR Daewoo LLC (Oman)	4,704	3,638
Técnicas Reunidas LLC (Duqum) (Oman)	(699)	(193)
Técnicas Reunidas Méjico (Mexico)	2,560	1,050
Técnicas Reunidas PIC (Peru)	48	49
Other	763	599
Total	**(62,822)**	**(71,885)**

In 2023, TR Canada Inc. was liquidated and the translation difference generated to date was recognised as an exchange difference in the income statement (see Note 25).

18. Dividend distribution and non-controlling interests

The proposed distribution of the Parent's profit for 2023 to be submitted at the Annual General Meeting, as well as the approved distribution of 2022 profit , is as follows:

	Thousands of euros	
	2023	**2022**
Basis of allocation		
Profit (loss) attributable to the Parent	139,067	3,063
	139,067	**3,063**
Allocation		
Other reserves	138,598	3,063
Legal reserve	469	-
	139,067	**3,063**

The Board of Directors of the Parent did not approve a dividend distribution in 2023 or 2022.

The Group has an obligation not to distribute dividends over the term of the loans received from the Fund for Supporting the Solvency of Strategic Companies (FASEE) (see Note 20).

a) Retained earnings

These are unrestricted voluntary reserves that amounted to EUR 273,953 thousand at 31 December 2023 (EUR 211,280 thousand at 31 December 2022).

b) Non-controlling interests

The changes in non-controlling interests in 2023 and 2022 are as follows:

	Thousands of euros
Balance at 01/01/2022	**9,562**
Profit/(loss)	2,650
Translation differences	28
Balance at 31/12/2022	**12,240**
Profit/(loss)	(1,222)
Translation differences	(165)
Balance at 31/12/2023	**10,853**

19. Trade and other payables

The amount recognised as '**Trade payables**' consists of the following:

	Thousands of euros	
	2023	**2022**
Payable to suppliers - invoices receivable	1,586,752	1,948,506
Payables to suppliers	789,901	733,649
Supplier withholdings	263,804	302,301
Prepayments received for contract work	208,903	53,484
Accruals and deferrals	190,900	418,036
Other	35,991	31,500
	3,076,251	**3,487,476**

The amounts included under 'Payable to suppliers - invoices receivable' relate to the recognition of costs incurred in accordance with the degree of progress of the projects that have not yet been invoiced by suppliers. The average ageing may in some cases exceed the short term, subject to the back-to-back clauses that companies have both in terms of achieving contract milestones and in claims compensation processes whose terms may exceed one calendar year. 'Supplier withholdings' includes the amounts withheld from suppliers at the time of payment of invoices and that, in accordance with the terms of the contracts, must be disbursed on completion of the contracts.

The increase in 'Prepayments received for contract work' is due to advances received for contracts that began during the year.

The amounts recognised under 'Other accounts payable' consists of the following:

	Thousands of euros	
	2023	**2022**
Social security taxes	7,529	6,188
Tax withholdings payable	14,772	11,699
Other	178	876
	22,479	**18,763**

The carrying amount of trade and other payables approximates their fair value.

The carrying amounts of under 'Payable to suppliers - invoices receivable' and 'Payable to suppliers' are denominated in the following currencies:

	Thousands of euros	
	2023	**2022**
Euro	700,940	705,597
US Dollar	1,310,730	1,523,509
Other currencies	364,983	453,049
Total	**2,376,653**	**2,682,155**

20. Borrowings

The detail of the borrowings at 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	2023	**2022**
Non-current		
Participative loans	175,000	175,000
Other non-current liabilities		
Loans/credit facilities	367,184	534,614
Mortgage loan	7,870	9,850
Obligations	-	49,335
Other	5,704	6,410
	380,758	**600,209**
Total non-current borrowings	**555,758**	**775,209**
Current		
Loans/credit facilities	185,562	150,094
Mortgage loan	2,022	1,806
Promissory notes / Bonds	100,554	41,517
Interest on debt	15,956	7,495
Other	1,047	1,010
Total current borrowings	**305,141**	**201,922**
Total participative loans	175,000	175,000
Total loans/credits	552,746	684,708
Total mortgage loans	9,892	11,656
Total debentures and promissory notes	100,554	90,852
Total debt interest	15,956	7,495
Total Other	6,751	7,420
	860,899	**977,131**

The changes in the borrowings in 2023 and 2022 were as follows:

	Thousands of euros	
	2023	2022
Beginning balance	**977,131**	**742,885**
Drawdowns	277,175	461,959
Returns	(401,867)	(232,284)
Accrued interest	50,443	33,933
Interest paid	(41,983)	(27,365)
Removals from the scope of consolidation	-	(1,997)
Ending balance	**860,899**	**977,131**

At 31 December 2023, total borrowings included EUR 428,295 thousand at a fixed rate (2022: EUR 462,120 thousand) as detailed below:

	2023		2022	
Item	**Thousands of euros**	**Rate**	**Thousands of euros**	**Rate**
Promissory notes	51,500	5.6%-6.2%	34,300	3.10-4.50%
Fixed-rate loans	50,255	1.29%-5%	73,496	1.29%-5%
Syndicated ICO loan	55,740	2.45%	83,524	2.45%
MARF bonds	49,800	2.75%	49,800	2.75%
Private placement	56,000	3.25%	56,000	3.25%
Ordinary Sepi	165,000	2.00%	165,000	2.00%
	428,295		**462,120**	

The average variable interest rates applicable to the rest of the debt were as follows:

	2023		2022	
	EUR	**USD**	**EUR**	**USD**
Variable rates (spread)	2.08%	-	2.19%	-

The carrying amount of current and non-current borrowings approximates their fair value, as the impact of discounting is not significant. Most of the borrowings are tied to variable interest rates, mainly the Euribor, and reviewed on a monthly basis.

The maturities of the borrowings are broken down in Note 3 - 'Liquidity risk'.

The carrying amount of the Group's borrowings is denominated completely in euros.

The Group has the following undrawn credit facilities and other loans:

	Thousands of euros	
	2023	2022
- maturing within one year	34	2,588
- maturing in more than one year	8,214	12,988
	8,248	**15,576**

At 31 December 2023, the ICO and CESCE syndicated loans signed in June 2020 amounted to EUR 191,147 thousand, with EUR 116 million of the ICO and CESCE loans having been repaid in 2023 in accordance with the established schedule. This financing requires a consolidated net financial debt/EBITDA ratio that is less than or

equal to 2.5. In accordance with the clauses of the syndicated loan agreements, the Group reviews compliance with these financial ratios every six months.

In addition, these loan agreements contain the following limitations on the distribution of profits for the years 2023-2024:

- 40% of consolidated net profit for 2023 and
- 50% of the consolidated net profit for 2024.

In 2023, the SSD was renewed for EUR 40 million until February 2028.

In addition, during 2023 the Group renewed the short-term promissory notes programme in the MARF for EUR 175 million. At 31 December 2023, the balance amounted to EUR 47,500 thousand (2022: EUR 34,300 thousand). The average interest rate is 6.01% (2022: 3.85%).

The bond programme in the MARF was also renewed for EUR 100 million. The balance at 31 December 2023 amounts to EUR 49,800 thousand (2022: EUR 49,800 thousand). The bonds issued in the MARF have an interest rate of 2.75% and mature in December 2024.

At 31 December 2023, the Group had achieved the financial ratio (consolidated financial debt/EBITDA of less than 2.5/3) established in the syndicated loan and in the private placement agreements, the bonds on the MARF and German promissory notes.

For 2024, the Parent's directors consider that, at the date of authorisation for issue of these financial statements, the Group is in a position to comply with the financial ratios included in the clauses of all its finance agreements.

On 24 February 2022, the Group received the disbursement of EUR 340 million under the Fund for Supporting the Solvency of Strategic Companies (“FASEE”).

This aid took the form of a participative loan amounting to EUR 175 million and an ordinary loan amounting to EUR 165 million. Both loans have a term of four and a half years, with the possibility of early repayment. Except for this possibility of early repayment, in the case of the participative loan, the principal must be repaid upon maturity and, while the ordinary loan has a grace period of 1 year and must then be repaid each year in percentages of 20%, 30%, 30% and a last tranche of 20% at maturity. The first 20% of the ordinary loan was repaid on 22 February 2024.

In 2023, the participative loan accrued interest at an annual rate tied to IBOR +350 bps (IBOR +250bps in 2022). This financing also includes a variable component linked to the Group's business performance and the achievement of pre-tax profits. The variable amount accrued in 2023 amounted to EUR 1,517 thousand. No variable component linked to the above financing was accrued in 2022.

The terms of the financing received — which if breached could result in early maturity — included certain obligations regarding the use of the financing and compliance with the viability plan submitted, the adoption of digitalisation and sustainability measures, and the obligation to strengthen the Group’s assets before 30 June 2023, in line with the viability plan and the policy set by the Group’s directors, and the fact that there can be no change of control in the Group in 2023. The required obligations were met in 2023.

During the term of these loans, the Group has the obligation not to distribute dividends. The Parent’s directors consider that, at the date of formulation of these consolidated financial statements, there has been no non-compliance that could give rise to early maturity.

Under the terms of the loan, the Parent (Técnicas Reunidas, S.A.) acts as applicant, borrower and beneficiary, and the group company Initec Plantas Industriales, S.A.U. acts as beneficiary and guarantor of the financing agreements. Both companies are jointly and severally liable for both loans.

21. Provisions for contingencies and charges

21.1. Provisions for contingencies and charges - Non-current

	Thousands of euros			
Item	**Provision for estimated losses**	**Provision for infrastructure**	**Other provisions**	**Total provisions for contingencies and charges**
Balance at 01/01/2022	**3,362**	**4,000**	**62,933**	**70,295**
Reversals/amounts used	-	-	(33,541)	(33,541)
Reversals/amounts used	-	-	(35,700)	(35,700)
Period provisions	-	-	81,000	81,000
Balance at 31/12/2022	**3,362**	**4,000**	**74,692**	**82,054**
Reclassifications	-	-		-
Reversals/amounts used	-	-		-
Period provisions	-	-		-
Balance at 31/12/2023	**3,362**	**4,000**	**74,692**	**82,054**

In compliance with IAS 37, the Group recognises provisions to cover estimated future losses on projects currently in progress.

a) Provision for infrastructure

For those projects that are completed, the Group also estimates the probable costs that will subsequently be incurred.

b) Other provisions

This line item relates to provisions arranged to cover other contingencies and charges, including payment obligations to project partners, provisions for probable risks, provisions for other non-current payments to be made.

The change in 2022 was due to use of the provision recognised in relation to the arbitration of the Australia project, which was settled in the first half of 2022, the reclassification to short term of the provision recognised in relation to an arbitration process in Peru, and the recognition of the provision for management's best estimate of the risks of litigation and existing claims amounting to EUR 81 million, with EUR 45 million corresponding to the Algeria project as a result of the deterioration of the situation in that country (see Note 17).

Regarding non-current provisions, given the nature of the risks included, it is not possible to determine a reasonable schedule for the related payments.

21.2. Provisions for contingencies and charges - Current

	Thousands of euros
Balance at 01 January 2022	**30,709**
Reclassifications	33,541
Reversals/amounts used	(62,968)
Period provisions	-
Balance at 31 December 2022	**1,282**
Reversals/amounts used	(1,087)
Period provisions	-
Balance at 31 December 2023	**195**

The changes in 2022 were mainly due to the use of the provision related to the Sines lawsuit that was called in in the second quarter of 2022, as well as the reclassification to short term and the use of the provision recognised for an arbitration process in Peru that was settled in that year.

22. Ordinary income and other operating income

	Thousands of euros	
	2023	**2022**
Income from engineering and construction contracts	4,135,152	4,233,370
Total revenue	**4,135,152**	**4,233,370**

	Thousands of euros	
	2023	**2022**
Operating grants	4,405	2,811
Revenue from concession arrangements	5,675	5,961
Other income	1,099	378
Total other operating income	**11,179**	**9,150**

'Other operating income' includes mainly the income obtained from the operation of concessions (Note 7).

Note 5 presents the main business segments and geographical areas in which the Group operates.

23. Procurements and other operating income and expenses

23.1. Procurements

The procurement heading mainly includes:

	Thousands of euros	
	2023	**2022**
Construction materials and sub-contracts	3,027,563	3,351,765
	3,027,563	**3,351,765**

23.2. Other operating expenses

	Thousands of euros	
	2023	**2022**
Services	129,223	123,459
Independent professional services	52,019	45,396
Repairs and upkeep	8,474	7,325
Guarantee costs	50,384	54,852
Banking and similar services	6,505	4,133
Transport costs	22,711	21,829
Insurance premiums	27,650	18,542
Utilities and supplies	11,513	7,618
Taxes other than income tax	13,206	8,414
Other	29,997	52,046
	351,682	**343,614**

'Services' includes the expenses related to work performed.

‘Other’ mainly includes the provision for doubtful debts mentioned in Notes 11 and 13 amounting to EUR 7,925 thousand (EUR 10,305 thousand in 2022), as well as the final write-off as uncollectable of EUR 14,482 thousand.

23.3. Other gains or losses

In 2022, EUR 5,718 thousand was included under this heading corresponding to the net profit obtained on the sale of all the shares of Ibérica del Espacio, S.A.

24. Employee benefit expenses

	Thousands of euros	
	2023	2022
Wages and salaries	459,230	404,618
Social security expense	71,862	64,662
Other staff costs	11,808	9,989
Long-term employee remuneration obligations	2,085	1,665
	544,985	**480,934**

‘Wages and salaries’ includes EUR 3,380 thousand (2021: EUR 4,126 thousand) for severance payments.

Share rights remuneration plans

In 2023, the Company’s Board approved two share rights remuneration plans on the Parent’s shares, intended for those responsible for the Group’s management for the purpose of retaining and encouraging them. Both plans have a term of 3 years (vesting between 2025 and 2026), and they can be exercised provided that certain conditions related to the share price are met. A total of 272,354 shares are affected by the plans.

At the end of the year, a provision of EUR 479 thousand was recognised corresponding to the estimated cost incurred by the Parent in 2023.

25. Financial profit/(loss)

	Thousands of euros	
	2023	2022
Finance income:		
Interest income from short-term deposits in banks and others	25,285	11,492
Net profits from foreign currency transactions	-	2,273
	25,285	**13,765**
Finance costs:		
Interest expense on loans with banks	(37,958)	(24,322)
Net losses from foreign currency transactions	(3,093)	-
Translation differences (Canada)	(15,634)	-
Other finance costs	(12,486)	(9,611)
Interest on lease liabilities	(1,205)	(900)
	(70,376)	**(34,833)**

Note 10 explains the impact of foreign currency hedging contracts on profit/(loss). That impact, as well as exchange gains/(losses) generated by the hedged instrument, is recognised as part of the operating profits/(losses).

The increase in financial income is due to the increase in interest rates in 2023, mainly in US Dollars and Euros.

The increase in the interest expenses on loans is due to the increase in the interest rate on the financing received through MARF and SEPI.

‘Translation differences (Canada)’ includes the translation differences generated in previous years when TR Canada Inc. was consolidated, which have been taken to the income statement since this company is no longer included in the scope of consolidation after its liquidation.

Profit/(Loss) from exposure to hyperinflation

'Profit/(Loss) from exposure to hyperinflation' includes the effect of applying IAS 29 (Note 2.28) to subsidiaries operating in hyperinflationary economies. The detail by country of this effect is as follows:

	Thousands of euros	
	2023	**2022**
Turkey	(9,875)	(7,345)
Argentina	2,116	1,247
	(7,759)	(6,098)

26. Income tax

The companies of the Técnicas Reunidas Group included in the Consolidated Taxation Regime are the following: Técnicas Reunidas, S.A., Técnicas Reunidas Internacional, S.A., Termotécnica, S.A., Técnicas Reunidas Construcciones y Montajes, S.A., Técnicas Reunidas Ecología, S.A Técnicas Siderúrgicas, S.A., Española de Investigación y Desarrollo, S.A., Técnicas Reunidas Proyectos Internacionales, S.A. Técnicas Reunidas Metalúrgicas, S.A., Layar, S.A, Layar Real Reserva, S.A., ReciclAguilar, S.A Initec Plantas Industriales, S.A.U., Initec Infraestructuras, S.A.U., S.L, Heymo, S.A., Deportes Valdavia 2017, S.L., Valdavia Gym, S.L., Valdavia Pádel, S.L.

For the calculation of the tax base of the tax group and the different individual companies included in the scope of consolidation, the accounting profit/(loss) is adjusted in accordance with the temporary and permanent differences that may exist, giving rise to the corresponding deferred tax assets and liabilities. In general, the deferred tax assets and liabilities arise as a consequence of valuation standardisations between accounting criteria and principles of individual companies and those of the consolidated group, to which those of the parent apply.

The breakdown of the tax expense is as follows:

	Thousands of euros	
	2023	**2022**
Current tax	6,396	20,768
Deferred tax	36,094	960
Prior years’ adjustments	1,112	(5,778)
Income tax on capital increase expenses	1,934	-
Adjustment for hyperinflation	889	-
Income tax	**43,602**	**15,950**

The tax on the Group's profit before taxes differs from the theoretical amount that would have been obtained using the tax rate applicable to the profits of the consolidated companies as follows:

	Thousands of euros	
	2023	**2022**
Profit/(Loss) before tax	**103,332**	**(18,534)**
Tax calculated at the tax rate applicable to the profits of the Parent	25,833	(4,634)
Tax effects of:		
Tax-exempt profits	3,442	6,170
Non-deductible expenses for tax purposes/non-taxable revenue	1,540	17,443
Tax on capital increase expenses	1,934	-
Effect of differences in tax rates in other countries	1,742	(921)
Tax losses for which no tax credit has been recognised	16,362	10,390
Adjustment for hyperinflation	889	-
Tax loss carryforwards used	(11)	(25,011)
Other	(8,129)	12,513
Tax expense	**43,602**	**15,950**

The breakdown of the deferred tax assets and liabilities is as follows:

	Thousands of euros	
	2023	**2022**
Deferred tax assets		
recoverable in over 12 months	364,486	284,111
recoverable in under 12 months	4,979	125,296
	369,465	**409,407**
Deferred tax liabilities		
recoverable in over 12 months	23,934	-
recoverable in under 12 months	42,355	62,001
	66,289	**62,001**

The reduction of the liability in under 12 months was affected as a result of a delay in the delivery of the last unit of the Peru project.

The changes in the deferred tax assets and liabilities are as follows:

	Thousands of euros	
	Assets	**Liabilities**
Balance at 01 January 2022	**410,858**	**64,412**
Generations and reversions with impact on the income statement	(3,713)	(2,033)
Generations and reversions with impact on equity	2,262	(378)
Balance at 31 December 2022	**409,407**	**62,001**
Generations and reversions with impact on the income statement	(36,036)	(58)
Generations and reversions with impact on equity	(3,906)	4,346
Balance at 31 December 2023	**369,465**	**66,289**

The prepaid or deferred taxes arise from the following items:

	Thousands of euros	
Assets	**2023**	**2022**
Tax credits from tax loss carryforwards	87,948	90,571
Tax credit for a limit of 50% of the losses offset in tax consolidation	49,791	-
Losses incurred in subsidiaries and permanent establishments	153,545	258,315
Project valuation standardisation	31,580	14,524
Hedging reserve	944	4,850
Impact of IFRS 15 and IFRS 9	1,433	1,345
Other	44,224	39,802
	369,465	**409,407**

	Thousands of euros	
Liabilities	**2023**	**2022**
-Timing differences in countries	61,237	58,264
-Project valuation standardisation and others	706	3,737
-Hedging reserve	4,346	-
	66,289	**62,001**

The liabilities for temporary differences relate mainly to Peru (EUR 31,548 thousand) and Kuwait (EUR 10,807 thousand) The deferred tax liability for Kuwait includes, among other items, the amount that is expected to arise from the process with the local tax authorities in the ongoing tax audit.

<u>Losses incurred in subsidiaries and permanent establishments</u>

The detail of this heading at 31 December 2023 is as follows:

	Thousands of euros	
	2023	**2022**
Losses incurred in subsidiaries	113,368	217,537
Losses incurred in permanent establishments	40,177	40,778
	153,545	**258,315**

The detail of the main 'Losses incurred in subsidiaries' is as follows:

	Thousands of euros	
	2023	2022
Canada	-	125,296
Bolivia	28,600	28,586
Turkey	22,110	22,110
UK	21,908	21,110
Portugal	8,525	7,975
Oman	18,181	-
Other	14,044	12,460
	113,368	**217,537**

In 2023, TR Canada Inc. was liquidated and, therefore, the losses incurred by this company were reversed with the corresponding deferred tax.

The detail of the main 'Losses incurred in permanent establishments' is as follows:

	Thousands of euros	
	2023	2022
Algeria	14,357	14,324
Australia	4,843	4,837
Finland	9,753	9,757
France	8,136	7,876
Other	3,088	3,984
	40,177	**40,778**

Deferred tax assets are recognised to the extent that related taxable profit is likely to be generated through future taxable profits.

The assets from temporary difference were generated mainly between 2015 and 2023.

A breakdown by geographical area of the tax credits from tax loss carryforwards capitalised at 31 December 2023 and 2022 and of the prepaid taxes arising from losses incurred in subsidiaries and permanent establishments is presented below:

	Thousands of euros	
	2023	**2022**
Tax credits from tax loss carryforwards		
Spain	69,554	69,249
Poland	-	7,396
Chile	5,865	7,070
Saudi Arabia	11,126	3,210
USA	-	2,322
Other	1,403	1,324
	87,948	90,571
Tax credit for a limit of 50% of the losses offset in tax consolidation		
Spain	49,791	**-**
Prepaid taxes arising from losses incurred in subsidiaries and permanent establishments		
Spain	153,545	258,315
Total	**291,284**	**348,886**

In Spain, Chile, Saudi Arabia and US there is no time limit to apply prepaid taxes and deduct tax losses pursuant the legislation in force. Tax credits in Poland are valid for 5 years.

With effect for tax periods beginning in 2023, Final Provision 5 Tres of Spanish Law 28/2022, of 27 December, for the establishment of temporary energy taxes and taxes on credit institutions and financial credit establishments and creating a temporary solidarity tax on high net-worth individuals, and amending certain tax regulations, incorporates a new additional provision eighteenth to Spanish Law 27/2014, of 27 November, on Corporate Income Tax (hereinafter the 'Corporation Tax Act'), which incorporates a temporary measure limiting the amount of individual tax losses of each of the entities that make up the tax group in the Corporate Income Tax by 50%. As a result of the application of this additional provision, a tax credit of EUR 49,791 thousand has been generated, which will be allocated to taxable income on a straight-line basis over the next 10 years, without any additional limitation being applied.

According to the forecasts prepared by Management, it is estimated that the tax credits and prepaid taxes generated as a result of losses in branches/subsidiaries of the Parent will be recovered within 8 years, since, among other actions, there is a plan to liquidate these branches/subsidiaries in a shorter period, logically subject to the fulfilment of the contractual and commercial obligations of the branches/subsidiaries. Accordingly, it should be noted that in accordance with that planned in 2022, TR Canada Inc. was liquidated in 2023 and, also as planned, a tax credit for EUR 49,791 thousand was generated, which, as a result of the amendment to the Corporation Tax Act indicated above in this note, will be allocated to taxable profit on a straight-line basis over the next 10 years, without any additional limitation being applied.

The assumptions used in the plan for recovering the deferred tax assets are based on both the reported medium-term targets (i.e. a portfolio of around EUR 9,000 million, EUR 5,000 million in annual revenue and a margin above 4%), and the forecasts on which the disbursement of the Fund for Supporting the Solvency of Strategic Companies and the recovery of the level of sales and their returns are based in accordance with the expectations of normalised recovery of investments, the impact of the energy transition on the sector, tax planning (see below the prior valuation agreement with the Spanish Tax Authorities) and the entry into force of the second part of the Efficiency plan, which identifies opportunities for the Group to become more efficient. In this sense, as envisaged in the plan prepared in 2022, the assumptions of which are consistent with those of the 2023 plan, the Group has reduced its deferred tax assets by approximately EUR 40 million at 31 December 2023.

It should be noted that in the base case for the year regarding the recoverability of deferred tax assets, the Group has not taken into consideration the recent ruling of the Constitutional Court in which the limitations established in Royal Decree 3/2016 were declared null and void when using tax loss carryforwards.

In any case, a corresponding sensitivity analysis was performed on the critical variables used in the projections, mainly on the estimated return on future projects, also taking into consideration different scenarios in relation to the effects arising from the above ruling of the Constitutional Court, so that even in the event of a 25% reduction in the average expected return, the deferred tax assets would be recovered within a period of less than 10 years.

The details of tax loss carryforwards from subsidiaries on which tax assets have not been recognised essentially corresponds to the following:

	Thousands of euros			
	2023		2022	
	Base	Tax charge	Base	Tax charge
Spain	157,076	39,269	157,076	39,269
Saudi Arabia	539,390	107,878	452,255	90,451

Management does not consider their capitalisation at year-end as it is not possible to estimate their recovery date.

No deferred taxes were generated in 2023 or 2022 from transactions charged or credited directly against equity, in addition to those detailed in the Consolidated Statement of Comprehensive Income.

During 2023 the Spanish National Appellate Court handed down rulings in favour of Técnicas Reunidas, as the Parent of the consolidated tax group, and 11 joint ventures in relation to Corporation Tax settlements for 2008 to 2011. The National Appellate Court ruling recognised that the application by Técnicas Reunidas of the exemption under section 50(1) of the Consolidated Text of the Corporation Tax Act in respect of the earnings of 11 joint ventures through which it operated abroad was in accordance with the Law.

To date, the Supreme Court has handed down eleven rulings on the inadmissibility of the appeal in cassation filed by the State lawyer in relation to these settlements. One of them is the ruling handed down in the proceedings against the Company, in its capacity as the Parent of the consolidated tax group, which is the entity to which the debt was settled in full, and the other rulings correspond to the proceedings against ten of the regularised joint ventures. Currently, the ruling on inadmissibility corresponding to the only remaining joint venture has yet to be handed down.

In view of this Supreme Court ruling, no more appeals can be filed and, therefore, the corporation tax audit for 2008 to 2011 can be considered closed.

On 3 July 2017, the tax audit began with regard to income tax for 2012 to 2014 and all other taxes for 2014 to 2015.

As a result of the tax audit for 2012-2014, there were a number of items regarding corporation tax that were signed on a contested basis. These assessments signed on a contested basis amounted to EUR 3,566 thousand for 2012 (EUR 744 thousand in interest), while for 2013 and 2014 these assessments contained a proposed settlement amounting to EUR 5,002 thousand (EUR 833 thousand in interest). In addition, the Company received proposed sanctions for 2012 and 2013 to 2014 amounting to EUR 1.2 and 1.6 million, respectively.

The Company filed an appeal against these proposals in disagreement and sanctions before the Central Tax Appeals Board and, on 3 February 2022, the Central Tax Appeals Board notified two resolutions on the proposals in disagreement, fully upholding the contested resolutions in disagreement and two resolutions on the sanctions proposals, one confirming the imposition of the sanction for 2012, and the other partially rejecting the sanction for 2013 to 2014, resulting in a reduction of the sanction of EUR 0.455 million.

The Company appealed these Central Tax Appeals Board resolutions again on 15 March 2022, in judicial review before the National Appellate Court, all of which are still pending a vote and a decision.

The Parent's Management and its tax advisers have concluded that it is unlikely that the amount of the resolutions appealed to the National Appellate Court will have to be paid, so no provision has been set aside for these items.

Advance Price Agreement

To bring the Group's transfer pricing policy in line with the standards established by the OECD in the BEPS (Base Erosion and Profit Shifting) Project and to build a relationship of trust and improve understanding with the Spanish tax authorities, the Group entered into a transfer pricing APA on 24 March 2022. The APA (Advance Price Agreement) covers the period from 2015 to 2026 and incorporates EPC projects without partners, where the contribution to the result of each of the companies involved is defined according to the contribution of the activities carried out in the project. This agreement has been considered by Group management as part of the cash flow estimates.

The purpose of this APA is the distribution of results among the entities that act as the Group's operating centres, which participate in implementing EPC and EPCm projects outside Spain.

The analysis of the contribution to each entity makes it possible to distribute the result between the entities participating in the EPC and EPCm according to a range of values. The contribution of the entities that form part of the corporate and offshore operational centres (offshore entities) is considered to follow the arm's length principle if between 70% and 80% of the results of each project are allocated.

The contribution of the entities that form part of the onshore operational centres is considered to follow the arm's length principle if between 20% and 30% of the results of each project are allocated.

Value-added tax

In June 2013, the Spanish tax authorities notified the Company of the commencement of VAT audits for the years 2009 to 2011, which can be extended to 2012 and 2013.

For the years 2009 and 2011 the Company received a preliminary assessment of EUR 1.26 million and a proposed penalty of EUR 0.445 million, both including interest, while for 2012 and 2013 it received a preliminary assessment that recognised an amount of EUR 0.664 million to be refunded to the Company instead of the requested EUR 1,539 million, and a proposed penalty of EUR 0.372 million.

Against the above proposals TRSA filed claims before the Central Tax Appeals Board, which were dismissed and subsequently appealed by TRSA before the National Appellate Court. As part of the appeal for judicial review for 2009 and 2011, TRSA requested the stay of payment of the debt arising from the settlement agreement and the penalty. However, the request was dismissed by the National Appellate Court and the Company therefore paid both amounts. Accordingly, as part of the appeal for judicial review for 2012 and 2013, TRSA requested the stay of payment of the debt, which was accepted by the National Appellate Court.

On 29 June 2022, the National Appellate Court handed down a ruling for 2012 and 2013 that partially upheld the appeal filed by TRSA. In particular, the ruling confirmed the settlement agreement, but rendered the penalty imposed of EUR 0.372 million null and void. In view of this ruling, on 13 September 2022 TRSA filed a brief in preparation of the appeal of cassation for the confirmation of the settlement agreement.

In this regard, on 31 May 2023, the Supreme Court handed down a ruling on the inadmissibility of the appeal of cassation and, therefore, the ruling of the National Appellate Court is final. However, since the settlement agreement did not indicate any amount to be paid, the Company will not have to make any payments.

In addition, on 27 June 2023, a ruling was handed down by the National Appellate Court that partially upheld the appeal filed by TRSA for the proceedings from 2009 to 2011, which fully annulled the penalty agreement and partially annulled the settlement agreement by EUR 0.144 million.

The ruling of the National Appellate Court for 2009 and 2011 is final, and a final decree was issued on 4 October 2023. The Company is currently waiting for the Tax Authorities to carry out the ruling of the National Appellate Court and issue a refund to TRSA for the amounts paid for the items annulled by the National Appellate Court, together with the corresponding late payment interest.

Other taxes

As a result of the tax audit initiated on 3 July 2017 for the Company's other taxes for 2014 and 2015, several points were subject to assessments signed on a contested basis for an amount of EUR 3,573 million including interest and, a proposed penalty of EUR 1.6 million.

On 4 April 2023, the ruling of the Central Tax Appeals Board was handed down, which virtually confirmed the adjustment contained in the settlement and penalty agreements. In response to this ruling, TRSA filed an appeal for judicial review with the National Appellate Court on 29 May 2023.

On 12 July 2023, TRSA was provided with the administrative file with the deadline to file a claim. However, since the file was incomplete, TRSA requested that the file be completed, which lead to the suspension of the period for filing a claim.

On 28 September 2023, TRSA was once again provided with the administrative file to file the claim, which was submitted on 23 October 2023. The Company is currently waiting for the statement of defence to be submitted by the State Lawyer.

The Company's management and its tax advisors have concluded that it is unlikely that the amount of these tax resolutions and sanctions will have to be paid, and therefore no provision has been set aside for these items.

The detail of the years open for review is as follows:

Tax	Years
Income tax	2015-2023
Value-added tax	2016-2023
Personal income tax	2016-2023
Taxes other than income tax	Last 4 years

The varying interpretations of current tax legislation in force, inter alia, could give rise to additional liabilities as a result of a tax audit. In any case, the Parent’s Directors consider that, should they arise, these liabilities would not have a material effect on the consolidated financial statements.

Pillar Two Global minimum tax

On 14 December 2021, the Inclusive Framework on the initiative against tax base erosion and profit shifting was published by the OECD and the G-20 published the Pillar Two Model Rules (‘the Rules’).

These Rules are a set of international tax measures that seek to limit tax competition between the different systems that tax corporate profits by establishing a global minimum level of taxation for multinational groups with consolidated revenue that is generally equal to or greater than EUR 750 million.

The Rules have set this minimum level at a rate of 15%. Therefore, the groups affected must calculate their effective tax rate for each jurisdiction in which they operate, in accordance with the specific rules provided for in the Model Rules. In jurisdictions where the tax rate is less than 15%, the groups will have to pay an additional tax corresponding to the difference between the effective tax rate calculated for the jurisdiction in question and the above 15%.

Accordingly, the Council of the European Union adopted Directive 2022/2523 (the Directive), incorporating this initiative into the European legal framework. The Directive includes, with certain exceptions, the content of the Model Rules and indicates that the deadline for their transposition by the Member States is 31 December 2023. It also stipulates that the related provisions must apply to the years beginning on or after that date.

As of the date of authorisation for issue of these consolidated financial statements, the process of transposing the Directive into Spanish law is still under way. However, in line with that established in the Draft Law, submitted for public consultation on 20 December 2023, it is expected to take effect for tax periods beginning on or after 31 December 2023 and, therefore, will affect the Técnicas Reunidas Group from the next year beginning on 1 January 2024.

It should also be noted that the law relating to Pillar Two has already been enacted in other jurisdictions where the Group operates. However, the law has yet to be enacted in the Group's most relevant jurisdictions and there is no certainty, at the date of preparation of these financial statements, as to whether this approval will be given and, where applicable, the effective date of the resulting law. This is with the exception of Spain where, as we have already indicated, the expectation is that the law will take effect as of 2024.

At the end of 2023, the Group is assessing its exposure to the law relating to Pillar Two once it enters into force. At the date preparation of these financial statements, this assessment was carried out mainly based on the analysis of the OECD's Transitional Safe Harbour, which is also provided for in the Draft Law mentioned above.

As a result of this preliminary analysis, the Group considers that most jurisdictions qualify for one of the three tests under the Safe Harbour and, therefore, they would not be liable for any supplementary tax. As regards those that do not qualify, the Group does not expect to have significant exposure to any supplementary tax that could arise from Pillar Two once the law enters into force.

It should also be noted that the Group continues to monitor legislative developments in the jurisdictions where it has a presence and to prepare its internal procedures to be able to duly comply with the obligations arising from Pillar Two.

27. Profit/(loss) per share

a) Basic

Basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares acquired by the Parent Company.

b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to reflect the conversion of all the potential dilutive ordinary shares. Given that the Parent Company does not hold any class of potential dilutive ordinary shares, the diluted earnings per share matches the basic earnings per share.

	Thousands of euros	
	2023	2022
Profit/(Loss) for the year attributable to ordinary equity holders of the Company	60,952	(37,134)
Weighted average number of ordinary shares outstanding	69,641,400	53,663,797
Earnings/(Loss) per share of the profit attributable to ordinary equity holders of the Company (euros per share)	0.88	(0.69)

28.

29. Contingencies and securities provided

The Group has contingent liabilities for bank guarantees and other securities related to the normal course of business. It is envisaged that no significant liability will arise from them in addition to those cases for which provisions were made as mentioned in Note 21. In the normal course of the activities, and as is usual among companies dedicated to engineering and construction activities, the Group has issued guarantees to third parties for a value of EUR 3,913,611 thousand (2022: EUR 4,414,833 thousand) to guarantee adequate fulfilment of the agreements.

The total guarantees provided include syndicated guarantee lines amounting to EUR 542,485 thousand (2022: EUR 660,843 thousand), of which EUR 434,962 thousand are subject to certain covenants, which were fulfilled at 31 December 2023. At the date of preparation of these consolidated financial statements, the ratio had been met and the ratio of equity attributable to shareholders/total balance sheet in excess of 9% is also expected to be met for 2024.

In accordance with the general contracting terms and conditions of the Company and the Group companies, they are obliged to issue technical guarantees in relation to the execution of the work (bank guarantees) and they must be held for a certain period.

As mentioned in Note 7, there were borrowings amounting to EUR 9,892 thousand (2022: EUR 11,656 thousand) related to the construction of the concessions. Those loans (except for EUR 1,200 thousand) are secured with the stated concession assets.

In relation to the tax audits mentioned in Note 26, guarantees have been provided to the tax authorities amounting to EUR 157,900 thousand. (EUR 130,400 thousand as instalment and EUR 27,500 thousand in default interest).

The Group is party to certain judicial and arbitration disputes, framed in the closure process of the projects, with clients and suppliers. They most notably include the following:

KPP Finland

In 2021, KPP, a consortium established by Nestlé, Borealis and Veolia, initiated arbitration proceedings against the Company, demanding both the penalties stipulated as a result of the delay in completion of the construction (EUR 40 million, already collected under the guarantees), as well as a compensation for additional costs and damages resulting of the termination of the contract, amounting EUR 165 million. Accordingly, the Company rejected KPP's claims during the lawsuit and filed counterclaims requesting compensation for the unfounded contract termination and for change orders for EUR 150 million.

MGT Teesside-UK

In May 2021, MGT Teesside, an entity created by Macquarie and PKA, cancelled the EPC contract awarded to the TR and Samsung C&T consortium at a time when construction was more than 99% complete. The guarantees were enforced and used to finance the completion of the work and the outstanding amounts payable to the consortium. TR/Samsung immediately initiated arbitration proceedings, claiming that the termination of the contract was illegal and demanding restitution of the amounts subtracted as a result of the guarantees enforced, payment for the completed work not yet certified and compensation for the economic repercussions of Covid-19. The claims of TR/Samsung currently reach EUR 195 million, while MGT demands EUR 223 million, with EUR 118 million already collected under the performance bonds.

GTG Algeria

The arbitration dispute was initiated by the Company in May 2022 due to the enforcement of guarantees by GTG (SONATRACH and NEPTUNE Energy consortium), which coincided with the diplomatic tension between Spain and Algeria, despite the fact that the provisional acceptance of the plant had been carried out two years earlier. The Company claims that the guarantees were unduly enforced. TR claims EUR 166 million, including the recovery of the bank guarantees enforced. GTG's initial claims in the arbitration proceedings now amount to USD 110 million for penalties and guarantee claims. In November 2023, GTG filed a new claim for USD 822 million in lost profits, which the Company opposes, arguing that it should not be included in the arbitration proceedings in progress. The ruling has yet to be handed down by the arbitral tribunal on its admissibility.

Bemco (Saudi Arabia)

In September 2021, BEMCO, a subcontractor on a project located in Saudi Arabia, initiated arbitration proceedings against Técnicas Reunidas Saudia for Services and Contracting Company Limited ('TR Saudia'), a subsidiary of the group, claiming additional costs of USD 118 million for alleged breaches of the subcontract. TR Saudia has denied these breaches and requested that BEMCO's claims be rejected filing counterclaims for approximately USD 35 million.

PCMC (Saudi Arabia)

In October 2023, PCMC, a subcontractor on a project allocated in Saudi Arabia, initiated arbitration proceedings against Técnicas Reunidas Saudia for Services and Contracting Company Limited ('TR Saudia'), a subsidiary of the group, claiming additional costs of USD 132 million for alleged breaches of the subcontract. TR Saudia rejects these accusations and will request in the proceedings that PCMC be ordered to pay TR Saudia for the costs incurred as a result of this non-compliance by PCMC, as well as the penalties for delay.

The Group recognised provisions directly in the project for the lawsuit corresponding to KPP Finland and MGT Teeside.

In addition to these litigations, there are a number of minor lawsuits mainly with subcontractors corresponding to the projects in Malaysia, Norway, Finland, Arabia and Kuwait, where, according to internal and independent third-party expert reports that are updated every six months, no negative outcomes are expected and therefore no provisions have been set aside.

At the date of formulation of these financial statements, each of these lawsuits is in a different procedural phase, it is considered that the legal proceedings with KPP Finland could be settled in 2024, and no immediate ruling is expected for the other proceedings.

In the opinion of the directors, based on internal valuations and third-party expert reports, the potential liabilities arising from these lawsuits would be sufficiently covered by the provisions already recognised.

30. Commitments

Fixed asset purchase commitments

There are no significant investment commitments in relation to asset purchases at 31 December 2023 or 31 December 2022.

Suppliers and subcontractor purchase commitments

The Group has payment commitments vis-à-vis its suppliers, in addition to those recognised in the trade payables heading, as a result of orders in the preparation or construction phase that cannot be invoiced until the contractual milestones are reached. In this respect, the invoices to the Group's customers are issued in accordance with contractual milestones of a similar nature to those that the Group maintains with its suppliers.

Information on the average period of payment to suppliers. Additional provision three. 'Reporting obligations' under Spanish Law 15/2010, of 5 July. (Under the new wording given by final provision two of Spanish Law 31/2014 reforming the Spanish Corporate Enterprises Act [*Ley de Sociedades de Capital*]).

As established by the reference law, as well as the resolution of the Spanish Accounting and Account Auditing Institute of 29 January 2016, the following information is broken down in reference to the average period of payment to suppliers:

	Thousands of euros	
	2023	**2022**
Average period of payment to suppliers	97	100
Ratio of transactions paid	73	85
Ratio of transactions payable	132	134

	Thousands of euros	
	2023	**2022**
Total payments made	3,926,352	3,563,604
Total payments pending	1,495,621	1,094,533

These figures relate to projects in multiple regions. With respect to Spanish suppliers, the Group may exceed the deadlines set in the case of invoices that do not comply with the terms of the contract because they are not officially compliant, due to non-receipt of guarantees or non-compliance with other supplier obligations.

The calculation of the data of the above table was performed in accordance with the Spanish Accounting and Account Auditing Institute resolution of 29 January 2016. For the purposes of this note, the trade payables item includes the heading of suppliers and sundry payables for debts to goods suppliers or service providers included in the scope of the regulation on legal payment deadlines.

For the calculation of the information contained in this note, the transactions executed with the Group's suppliers has been considered after eliminating the reciprocal credits and debits of the subsidiaries and, as applicable, those of the multi-group companies pursuant to the applicable consolidation rules.

The calculation is made taking into account the date of registration of the invoice in the system. On that date, not all the invoices are due since they may not comply with the contractual requirements established. In addition, this debt is not enforceable in accordance with 'paid when paid' clauses.

In accordance with the new regulations under section 9 of Law 18/2022, of 28 September, in addition to the above information, the following information is provided:

Number (units)	**2023**	**2022**
Invoices paid prior to compliance with the maximum legal period for payment to suppliers	63,154	47,855
Percentage out of total number of supplier invoices	73%	67%
Volume (thousands of euros)	**2023**	**2022**
Invoices paid prior to compliance with the maximum legal period for payment to suppliers	1,913,814	1,693,240
Percentage out of total number of supplier invoices	49%	46%

31. Related party transactions

Related party transactions in 2023 and 2022 form part of the Company's ordinary business activities. The transactions performed with related parties are as follows:

a) Remuneration paid to senior management

In addition, in 2023 the Group's senior executives received remuneration (wages and salaries, both fixed and variable) totalling EUR 6,832 thousand (2022: EUR 4,503 thousand), advances of EUR 0 thousand (2022: EUR 5 thousand) and loans of EUR 35 thousand (2022: EUR 0 thousand).

The amount of remuneration paid in 2023 includes EUR 2,810 thousand in variable remuneration that has a three-year accrual.

b) Transactions with associates

Details of the balances and transactions with the associates included in Appendix II is presented below:

	Thousands of euros	
	2023	**2022**
Loans	8,440	7,368
Payables to suppliers	185	347
Interest	141	141

All the transactions indicated were carried out with Master, S.A. Ingeniería y Arquitectura.

32. Environmental disclosures

In view of the business activities carried on by the Group companies, the Group does not have any environmental assets, provisions or contingencies that might be material with respect to its equity, financial position or results (see Note 3.4).

33. Joint ventures

The Group has interests in the joint ventures listed in Appendix III and in joint ventures with third parties listed in Appendix IV. The amounts shown below represent the Group's share, in accordance with the corresponding percentage, in the assets and liabilities and the income and profit/(loss) of the joint ventures and UTEs with third parties.

	Thousands of euros	
	2023	**2022**
Non-current assets	8,826	3,125
Current assets	1,034,033	1,055,170
Total assets	**1,042,859**	**1,058,295**
Non-current liabilities	9,004	36,895
Current liabilities	882,012	1,066,737
Total liabilities	**891,016**	**1,103,632**
Net assets	**151,843**	**(45,337)**
Revenue	1,394,290	1,100,635
Expenses	(1,229,336)	(971,562)
Profit/(Loss) after tax	**164,954**	**129,073**

34. Other information

a) Average number of employees of the Group by category

The average number of people employed over the year by the companies included by global integration in the scope of consolidation, distributed by categories, is as follows:

	2023	2022
Executive directors and senior executives	10	10
Graduates, line personnel and clerical staff	7,552	6,517
Non-graduates/Unqualified staff	124	154
Sales staff	57	24
	7,743	**6,705**

The average number of people employed over the year by the joint ventures included by proportional integration in the scope of consolidation, distributed by categories, is as follows:

	2023	2022
Graduates, line personnel and clerical staff	64	292
Non-graduates/Unqualified staff	-	12
	64	**304**

Moreover, the gender balance of the staff of companies included by global integration in the scope of consolidation at the year-end is as follows:

	2023			2022		
	Men	Women	Total	Men	Women	Total
Executive directors and senior executives	9	1	10	9	1	10
Graduates, line personnel and clerical staff	6,260	2,038	8,298	5,083	1,775	6,858
Non-graduates/Unqualified staff	119	6	125	148	14	162
Sales staff	36	21	57	14	9	23
	6,424	**2,066**	**8,490**	**5,254**	**1,799**	**7,053**

Additionally, there were a total of 619 subcontracted personnel and freelance professionals (2022: 795 professionals).

The average number of people employed in 2023 and 2022 by the companies included in the scope of consolidation with a disability level greater than or equal to 33% amounted to 30 and 25 workers respectively, in the 'Graduates, line personnel and clerical staff' category.

b) Fees paid to auditors

The fees for services contracted in 2023 and 2022 by companies of the Técnicas Reunidas Group with their respective auditors are as follows:

	Thousands of euros			
	2023			
	PWC*	Deloitte, S.L.	Other companies of the PwC network*	Other companies of the Deloitte network
Financial audit services	**-**	872	370	317
Other non-audit services	**460**	**263**	**275**	**20**
Services required by the applicable regulations	-	51	-	-
Other attest services	460	212	-	20
Tax services	-	-	275	77
	460	**1,135**	**645**	**337**

	Thousands of euros			
	2022			
	PwC*	Deloitte,S.L.	Other companies of the PwC network*	Other companies of the Deloitte,S.L. network.
Financial audit services	**452**	**489**	**307**	**211**
Non-audit services	**242**	**26**	**192**	**112**
Other attest services	242	26	27	30
Tax services	-	-	165	82
	694	**515**	**499**	**323**

*PricewaterhouseCoopers Auditores, S.L. (PwC)

Information required by section 229 of the Spanish Corporate Enterprises Act

The Directors of the Parent Company do not have any issue to report in relation to section 229 of the Spanish Corporate Enterprises Act, approved by means of Royal Legislative Decree 1/2010, of 2 July.

c) Remuneration paid to members of the Parent's Board of Directors

The overall remuneration received by the members of the Company's Board of Directors during the years ended 31 December 2023 and 2022 is presented below:

	Thousands of euros	
	2023	**2022**
Attendance fees for Board of Directors meetings	1,623	1,943
Wages and salaries	800	800
Life insurance premiums and pension plans	4	4
Services rendered to the Group	228	331
	2,655	**3,078**

Furthermore, the Group paid EUR 320 thousand and EUR 340 thousand in 2023 and 2022, respectively, as third-party liability insurance to directors and executives.

35. Events after the balance sheet date

On 14 February 2024, José Lladó Fernández-Urrutia, the founding president and main shareholder of the Group, passed away in Madrid at the age of 89 after a long illness.

Subsequent to year-end notification was received of the issuing of corporate tax assessments in prescribed fiscal years corresponding to the subsidiary of the Dominican Republic. Group management considers that these assessments will not give rise to additional liabilities to those already recognised.

At the formulation date of these consolidated financial statements, with the exception of that mentioned in the previous paragraph, no significant subsequent events have taken place that require disclosure.

APPENDIX I

Subsidiaries included in the scope of consolidation – 2023

Corporate Name	Registered Address	% Share of Nominal Amount	Shareholder Company	Integration method	Business activity	Auditor
Técnicas Reunidas Gulf Ltd. – Saudi Arabia	P.O. BOX 39561, Dahrahn 31942 (Saudi Arabia)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	PwC
TR Saudi Arabia LLC	P.O. Box 40.538, Jeddah 21511, (Saudi Arabia)	100%	Técnicas Reunidas, S.A. / Técnicas Reunidas Proyectos Internacionales, S.A.	I.G.	Engineering Services	PwC
Técnicas Reunidas Saudia for Services and Contracting Company Limited	P.O. Box 77076, 31952 Al Khobar, (Saudi Arabia)	100%	Técnicas Reunidas, S.A. / Técnicas Reunidas Proyectos Internacionales, S.A.	I.G.	Engineering Services	PwC
Técnicas Reunidas Global for Engineering Consultants co. ltd	P.O. Box 30909, Al Khobar 31952, Saudi Arabia	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
TR Argentina	Lavalle 310, Piso 1, 1047, Ciudad Autónoma de Buenos Aires (Argentina)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
TR Bahrain W.L.L	Sanabis, block 410, road 1010, building 474, flat 211	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
Técnicas Reunidas TEC – Bolivia	Edificio el Cubo II, 2º Piso, Avenida las Ramblas, Zona Empresarial Equipetrol Norte, Santa Cruz (Bolivia)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G	Engineering Services	Unaudited
Técnicas Reunidas Canadá E&C INC.	Suite 500, 5004 Avenue SW Calgary, AB - T2P 2V6, (Canadá)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Unaudited

TR Alberta	Suite 500, 500 – 4th Avenue SW, T2P2V6, Calgary, Alberta (Canada)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Unaudited
TR Redwater, Inc.	Suite 500, 500 – 4th Avenue SW, T2P2V6, Calgary, Alberta (Canada)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.U.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Chile Ltda.	Badajoz Nº 45, Oficina 1901, Edificio Fundadores, Las Condes, Santiago de Chile (Chile)	100%	Initec Plantas Industriales, S.A.U. / Técnicas Reunidas Metalúrgicas, S.A., Agencia en Chile	I.G.	Engineering Services	Deloitte
TR Metalúrgicas, S.A. Agencia en Chile	Avda. Andrés Bello 2711, Piso 9, Las Condes, Santiago de Chile (Chile)	100%	Técnicas Reunidas Metalúrgicas, S.A.U.	I.G.	Engineering Services	Deloitte
TR Colombia	AK 9 # 127 C 60 OF 311 Municipio: Bogotá D.C	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	PwC
Técnicas Reunidas USA L.L.C.	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, (USA)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
TR Louisiana L.L.C.	8550 United Plaza Ste. 305, Bldg. II, Baton Rouge, Louisiana 70809 (US)	100%	Técnicas Reunidas USA L.L.C.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Houston L.L.C.	3050 Post Oak Boulevard, Suite 1625, Houston, Texas 77056 (US)	100%	Técnicas Reunidas USA L.L.C.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Internacional, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Termotécnica, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	99.98%	Técnicas Reunidas, S.A. y Técnicas Reunidas Construcción y Montaje, S.A.	I.G.	Engineering Service and Machinery Wholesaler	Unaudited
Técnicas Reunidas Construcción y Montaje, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Property Development	Unaudited

Técnicas Reunidas Ecología, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Service	Unaudited
Técnicas Reunidas Metalúrgicas, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Service	Unaudited
Técnicas Siderúrgicas, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas Construcción y Montaje, S.A.	I.G.	Engineering Service	Unaudited
Técnicas Reunidas Proyectos Internacionales, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Service	Unaudited
Española de Investigación y Desarrollo, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Service	Unaudited
Layar, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Property Activity	Unaudited
Layar Real Reserva, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Layar, S.A.	I.G.	Property Activity	Unaudited
Initec Plantas Industriales, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Deloitte
Initec Infraestructuras, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
ReciclAguilar, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	80%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited

Heymo Ingeniería, S. A.	Avenida de Burgos 89, Edificio 3, plnta 6ª, núcleo A, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S. A.	I.G.	Engineering Services	Deloitte
Deportes Valdavia	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Valdavia Padel S.L.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Deportes Valdavia,S.L.	I.G.	Engineering Services	Unaudited
Valdavia Gim S.L.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Deportes Valdavia,S.L.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Netherlands B.V.	Strevelsweg 700, Unit 303-A4404, 3083AS Rotterdam	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Ghana	4 Momotse avenue, Adabraka-Accra Mteropolitan, Greatrer Accra, PO BOX NT 1632, A., (Ghana)	100%	Técnicas Reunidas Netherlands B.V.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas engineers India private limited (TREI)	103 Ashoka Estate, Barakhamba Road, New Delhi – 110 001 (India)	100%	Técnicas Reunidas, S.A.	I.G.	Consultancy and assistance in international engineering projects	LUTHRA-LUTHRA
TR Sagemis International, S.L.	Via Bartolomeo Zucchi 1, 20900 Monza MB, (Italy)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Italy New Refinery Project SRL	Via Bartolomeo Zucchi 1, 20900 Monza MB, (Italy)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Malaysia SDN.	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, 40100, Kuala Lumpur, (Malaysia)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Deloitte

TR Servicios S.R.L. de C.V.	Avenida Homero 229, Polanco V sección, Miguel Hidalgo, Distrito Federal, 11560, (Mexico)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas México Ingeniería y Construcción de RL de CV	Polanco Chapultepec, Miguel HidalgoCP 11560, Ciudad de México, (Mexico)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Unaudited
TR Engineering LLC – Oman	Safe way Building, 2nd floor, Building nº68, Way nº 3305, Dohat-Al Abad, Street, Alkhuwair, Muscat, Sultanate of Oman	49%	Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Morrison
Técnicas Reunidas Omán LLC	Safe Way Building, Building nº 68, Way nº 3305, Dohah-Al Abad Street, Alkhuwair, Muscat, Sultanate of Oman	70%	Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Morrison
Técnicas Reunidas LLC (Duqm)	The Special Economic Zone at Duqm / Al-Duqm / Al Wusta Governorate / P.O. Box: 2991 / Postal Code 112	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
TR Perú Ingeniería y Construcción S.A.C.	Av. Jorge Chavez 184, Oficina 402, distrito de Miraflores, provincia y departamento de Lima, (Peru)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas de Talara, S.A.C.	Av. Jorge Chavez 184, Oficina 402, distrito de Miraflores, provincia y departamento de Lima, (Peru)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
Técnicas Reunidas de Construcao Unip. LDA - Portugal	Rua Latino Coelho, n.º 87, Distrito: Lisboa, Concelho: Lisboa, Freguesia: Avenidas Novas, 1050, 132 Lisboa (Portugal)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	PwC

Técnicas Reunidas UK	Suite 1, 3rd Floor, 11-12 St. James's Square, London, SW1Y 4LB, (UK)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Tecreun República Dominicana, S.R.L.	Avda. de los Próceres, Diamond Mall, 1º piso, local 25A, Santo Domingo, (Dominican Republic)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas INSAAT TAAHHÜT Limited Sirketi	Maslak Mahallesi Ahi Evran Caddesi Polaris Plaza No:21 Kat 23 34398 SAriyer/Istambul (Turkey)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G	Engineering Services	PwC
Técnicas Reunidas Mühendislik ve İnsaat A.S	Maslak Mahallesi Ahi Evran Caddesi Polaris Plaza No:21 Kat 23 34398 SAriyer/Istambul (Turkey)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
TR Projeler	Maslak Mahallesi Ahi Evran Caddesi Polaris Plaza No:21 Kat 23 34398 SAriyer/Istambul	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC

APPENDIX I

Subsidiaries included in the scope of consolidation – 2022

Corporate Name	Registered Address	% Share of Nominal Amount	Shareholder Company	Integration method	Business activity	Auditor
Técnicas Reunidas Gulf Ltd. – Saudi Arabia	P.O. BOX 39561, Dahrahn 31942 (Saudi Arabia)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	PwC
TR Saudi Arabia LLC	P.O. Box 40.538, Jeddah 21511, (Saudi Arabia)	100%	Técnicas Reunidas, S.A. / Técnicas Reunidas Proyectos Internacionales, S.A.	I.G.	Engineering Services	PwC
Técnicas Reunidas Saudia for Services and Contracting Company Limited	P.O. Box 77076, 31952 Al Khobar, (Saudi Arabia)	100%	Técnicas Reunidas, S.A. / Técnicas Reunidas Proyectos Internacionales, S.A.	I.G.	Engineering Services	PwC
TECNICAS REUNIDAS GLOBAL FOR ENGINEERING CONSULTANTS CO. LTD	P.O. Box 30909, Al Khobar 31952, Saudi Arabia	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
TR Argentina	MORENO 957 Piso:2 Dpto:1 1091-CIUDAD AUTONOMA BUENOS AIRES	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
TR Bahrain W.L.L	Sanabis, block 410, road 1010, building 474, flat 211	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
Técnicas Reunidas TEC – Bolivia	Edificio el Cubo II, 2º Piso, Avenida las Ramblas, Zona Empresarial Equipetrol Norte, Santa Cruz (Bolivia)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G	Engineering Services	Unaudited
TR Canada Inc	Suite 500, 5004 Avenue SW Calgary, AB - T2P 2V6 (Canada)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC

Tecnicas Reunidas Canada E&C INC.	Suite 500, 5004 Avenue SW Calgary, AB - T2P 2V6, (Canada)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Unaudited
TR Alberta	Suite 500, 5004 Avenue SW Calgary, AB - T2P 2V6 (Canada)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Chile Ltda.	Badajoz Nº 45, Oficina 1901, Edificio Fundadores, Las Condes, Santiago de Chile (Chile)	100%	Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Deloitte
TR Metalúrgica Chile	Avda. Bosque Norte, 107, Las Condes, Santiago de Chile	100%	Termotécnica,S.A.	I.G.	Engineering Services	Deloitte
TR Colombia	AK 9 # 127 C 60 OF 311 Municipio: Bogotá D.C	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
Técnicas Reunidas USA L.L.C.	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, (USA)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
TR Louisiana L.L.C.	Baton Rouge, Louisiana (USA)	100%	Técnicas Reunidas USA L.L.C.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Houston L.L.C.	1790 Hugues Landing Boulevard, the Woodlands, Texas 77380 (USA)	100%	Técnicas Reunidas USA L.L.C.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Internacional, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Termotécnica, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	99.98%	Técnicas Reunidas, S.A. y Técnicas Reunidas Construcción y Montaje, S.A.	I.G.	Engineering Service and Machinery Wholesaler	Unaudited
Técnicas Reunidas Construcción y Montaje, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Property Development	Unaudited

Técnicas Reunidas Ecología, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Service	Unaudited
Técnicas Reunidas Metalúrgicas, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Service	Unaudited
Técnicas Siderúrgicas, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas Construcción y Montaje, S.A.	I.G.	Engineering Service	Unaudited
Técnicas Reunidas Proyectos Internacionales, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Service	Unaudited
Española de Investigación y Desarrollo, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Service	Unaudited
Layar, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Property Activity	Unaudited
Layar Real Reserva, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Layar, S.A.	I.G.	Property Activity	Unaudited
Initec Plantas Industriales, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	PwC/Deloitte
Initec Infraestructuras, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
ReciclAguilar, S.A.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	80%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited

Heymo Ingeniería, S. A.	Avenida de Burgos 89, Edificio 3, plnta 6ª, núcleo A, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S. A.	I.G.	Engineering Services	Deloitte
Deportes Valdavia	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Valdavia Padel S.L.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Deportes Valdavia, S.L.	I.G.	Engineering Services	Unaudited
Valdavia Gim S.L.	Avenida de Burgos 89, Edificio 6, Parque empresarial Adequa, 28050-Madrid (Spain)	100%	Deportes Valdavia, S.L.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Netherlands B.V.	Parklaan 34, 3016BC Rotterdam (Netherlands)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Ghana	4 Momotse avenue, Adabraka-Accra Mteropolitan, Greatrer Accra, PO BOX NT 1632, A., (Ghana)	100%	Técnicas Reunidas Netherlands B.V.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas Dufi CCGT Kft	1077 Budapest, Wesselényi utca 16. 3. em.; new seat: 1138 Budapest, Népfürdő utca 22. Building B. 13th floor (Hungary)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G	Engineering Services	Unaudited
Técnicas Reunidas engineers India private limited (TREI)	103 Ashoka Estate, Barakhamba Road, New Delhi – 110 001 (India)	100%	Técnicas Reunidas, S.A.	I.G.	Consultancy and assistance in international engineering projects	LUTHRA-LUTHRA
TR Sagemis	Via Zucchi 1, 20900 Monza MB, (Italy)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
TR Italy	Via Zucchi 1, 20900 Monza MB, (Italy)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited

Técnicas Reunidas Malaysia SDN.	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, 40100, Kuala Lumpur, (Malaysia)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Deloitte
TR Servicios S.R.L. de C.V.	Calle Tiburcio Monteil 76, San Miguel Chapultepec, Miguel Hidalgo, Distrito Federeal, 11850, (Malaysia)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Unaudited
TReunidas México Ingeniería y Construcción de R.L. de C.V.	Avda Álvaro Obregón 151, piso 6, despacho 601 col Roma Norte CP 06700, Del: Cuauhtemoc, Mexico City, Mexico	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Unaudited
TR Engineering LLC – Oman	Safeway Building, 2nd floor, Building nº68, Way nº 3305, Dohat-Al Abad, Muscat, Sultanate of Oman	49%	Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Morrison
Técnicas Reunidas Omán LLC	Safe Way Building, Building nº 68, Way nº 3305, Dohah-Al Abad Street, Alkhuwair, Muscat, Sultanate of Oman	70%	Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Morrison
Tecnicas Reunidas LLC (Duqm)	The Special Economic Zone at Duqm / Al-Duqm / Al Wusta Governorate / P.O. Box: 2991 / Postal Code 112	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC
TR Perú Ingeniería y Construcción S.A.C.	Av. Jorge Chavez 184, Oficina 402, distrito de Miraflores, provincia y departamento de Lima, (Peru)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas de Talara, S.A.C.	Av. Jorge Chavez 184, Oficina 402, distrito de Miraflores, provincia y departamento de Lima, (Peru)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC

Técnicas Reunidas de Construcao Unip. LDA - Portugal	Rua Latino Coelho, n.º 87, Distrito: Lisboa, Concelho: Lisboa, Freguesia: Avenidas Novas, 1050, 132 Lisboa (Portugal)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	PwC
Tecnicas Reunidas UK	Suite 1, 3rd Floor, 11-12 St. James's Square, London, SW1Y 4LB, (UK)	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
Tecreun República Dominicana, S.R.L.	Avda. de los Próceres, Diamond Mall, 1º piso, local 25A, Santo Domingo, (Dominican Republic)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	Unaudited
Técnicas Reunidas INSAAT TAAHHÜT Limited Sirketi	Kozyatağı Nidakule Değirmen Sok. No:18/19A-10. Kat Oda :26 Kozyatağı Kadıköy -İst.-P.K.34742 Adres No: 2252546268 (Turkey)	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G	Engineering Services	PwC
Técnicas Reunidas Mühendislik ve İnsaat A.S	Kozyatağı Nidakule Değirmen Sok. No:18/19A-10. Kat Oda :26 Kozyatağı Kadıköy -İst.-P.K.34742 Adres No: 2252546268 (Turkey	100%	Técnicas Reunidas, S.A.	I.G.	Engineering Services	Unaudited
TR Projeler	Kozyatagi Mahallesi Degirmen Sk. Nida Kule A Blok Apt. Nº: 18/19 Kadikoy/Istanbul	100%	Técnicas Reunidas, S.A. / Initec Plantas Industriales, S.A.	I.G.	Engineering Services	PwC

APPENDIX II
Associates included in the scope of consolidation – 2023

Corporate Name	Registered Address	% Share of Nominal Amount	Shareholder Company	Integration method	Business activity	Auditor
Proyectos Ebramex, S. de R.L. de C.V.	Ciudad de Tampico, Tamaulipas, Mexico	33.33%	Técnicas Reunidas, S.A.	P. Eq.	Engineering Services	Unaudited
Minatrico, S. de R.L. de C.V.	Ciudad de Tampico, Tamaulipas, Mexico	33.33%	Técnicas Reunidas, S.A.	P. Eq.	Engineering Services	Unaudited
Máster S.A. de ingeniería y Arquitectura	Ronda General Mitre 126, 4ª planta, 08021-Barcelona (Spain)	40.00%	Técnicas Reunidas, S.A.	P. Eq.	Engineering Services	Unaudited

APPENDIX II
Associates included in the scope of consolidation – 2022

Corporate Name	Registered Address	% Share of Nominal Amount	Shareholder Company	Integration method	Business activity	Auditor
Proyectos Ebramex, S. de R.L. de C.V.	Ciudad de Tampico, Tamaulipas, Mexico	33.33%	Técnicas Reunidas, S.A.	P. Eq.	Engineering Services	Unaudited
Minatrico, S. de R.L. de C.V.	Ciudad de Tampico, Tamaulipas, Mexico	33.33%	Técnicas Reunidas, S.A.	P. Eq.	Engineering Services	Unaudited
Máster S.A. de ingeniería y Arquitectura	Ronda General Mitre 126, 4ª planta, 08021-Barcelona (Spain)	40.00%	Técnicas Reunidas, S.A.	P. Eq.	Engineering Services	Unaudited

APPENDIX III

Joint operations included in the scope of consolidation – 2023

Corporate Name	Registered Address	% Share of Nominal Amount	Shareholder Company	Integration method	Business activity	Auditor
TSGI Mühendislik İnşaat Limited Şirketi	Turkey	33.33%	Técnicas Reunidas, S. A.	Proportional	Engineering Services	PwC
TR Daewoo LLC	Oman	65.00%	Técnicas Reunidas, S.A.	Proportional	Engineering Services	PwC
TR Bapco	Bahrain	32.00%	TR Saudia S.C LTD	Proportional	Engineering Services	PwC
Powertecno Energía México	Mexico	50%	Técnicas Reunidas, S. A.	Proportional	Engineering Services	Deloitte

APPENDIX III

Joint operations included in the scope of consolidation – 2022

Corporate Name	Registered Address	% Share of Nominal Amount	Shareholder Company	Integration method	Business activity	Auditor
TSGI Mühendislik İnşaat Limited Şirketi	Turkey	33.33%	Técnicas Reunidas, S. A.	Proportional	Engineering Services	PwC
TR Daewoo LLC	Oman	65.00%	Técnicas Reunidas, S.A.	Proportional	Engineering Services	PwC
TR Bapco	Bahrain	32.00%	TR Saudia S.C LTD	Proportional	Engineering Services	PwC
Powertecno Energía México	Mexico	50%	Técnicas Reunidas, S. A.	Proportional	Engineering Services	Deloitte

APPENDIX IV

Unincorporated temporary joint ventures, consortiums and permanent establishments in which the companies included in the scope of consolidation have shares – 2023

Name	Business activity	% ownership	Name	Business activity	% ownership
TR Abu Dhabi BRANCH	Engineering services and project execution	100%	UTE TR HARADH GAS COMPRES	Engineering services and project execution	100%
TR TURQUÍA BOTAS	Engineering services and project execution	100%	UTE RAMBLA	Engineering services and project execution	100%
TR AUSTRALIA	Engineering services and project execution	100%	UTE Villamartin	Engineering services and project execution	50%
TRSA India 37023	Engineering services and project execution	100%	UTE TR ADGAS	Engineering services and project execution	100%
TReunidas Branch Argelia	Engineering services and project execution	100%	UTE MARJAN	Engineering services and project execution	100%
TR Indonesia	Engineering services and project execution	100%	UTE TR NEC	Engineering services and project execution	100%
TR Kazajistán Branch	Engineering services and project execution	100%	UTE Centro de día	Engineering services and project execution	50%
TR SA ODDZIAL W POLSCE	Engineering services and project execution	100%	UTE TUBAN	Engineering services and project execution	100%
UTE TR YANBU REFINERY	Engineering Services and Project Execution	100%	UTE TR/TREC OPER.DESALAD	Engineering services and project execution	100%
EP BANGLADESH	Engineering Services and Project Execution	50%	TRD DUQM PROJECT	Engineering services and project execution	65%
EP JORDANIA	Engineering Services and Project Execution	50%	TR MOSCU BRANCH	Engineering services and project execution	100%

TR KUWAIT BRANCH	Engineering services and project execution	100%	UTE TR Altamarca C. Viña	Engineering services and project execution	100%
TR FINLAND BRANCH	Engineering services and project execution	100%	TR THAILAND BRANCH	Engineering services and project execution	100%
UTE INTEGRATED PROJECT	Engineering services and project execution	100%	UTE PEIRAO XXI	Engineering services and project execution	50%
UTE TR JRTP JAZAN	Engineering services and project execution	100%	UTE TR/GEA 21 COL.PLUVIA	Engineering services and project execution	80%
UTE TR TALARA	Engineering services and project execution	100%	UTE PERELLÓ	Engineering services and project execution	50%
UTE TR OPTARA	Engineering services and project execution	100%	UTE TSK TR ASHUGANJ NORTH	Engineering services and project execution	50%
UTE TR/IN CONS.COMPL. VIÑA	Engineering services and project execution	100%	TR QATAR BRANCH	Engineering services and project execution	100%
UTE TR MINATITLAN	Engineering services and project execution	100%	UTE TR/ SGS PISTA 18R	Engineering services and project execution	50%
UTE TR/IPI Refi. de Sines	Engineering services and project execution	100%	UTE TR PHB JORDAN	Engineering services and project execution	50%
JV TR WISON	Engineering services and project execution	70%	UTE TR JAFURAH	Engineering services and project execution	100%
JV NPCC Técnicas AD	Engineering services and project execution	50%	SAMSUNG-TR JOINT VENTURE	Engineering services and project execution	100%
UTE TR INTEGRATED GAS	Engineering services and project execution	100%	TR OMAN BRANCH	Engineering services and project execution	100%
TRSA INDIA 37007	Engineering services and project execution	100%	UTE HPP Gepesa	Engineering services and project execution	60%
UTE TR TSK SAN LUIS	Engineering services and project execution	50%	UTE TR TSK CC. GÓNZORTEGA	Engineering services and project execution	50%
UTE IGD	Engineering services and project execution	100%	TR Belgium Branch	Engineering services and project execution	100%

TR Maharashtra	Engineering services and project execution	100%	UTE TR Naphtha RT	Engineering services and project execution	100%
UTE TR ETO	Engineering services and project execution	100%	UTE FAHDILI	Engineering services and project execution	100%
UTE TR/Duro F. CTCC Besós	Engineering services and project execution	50%	UTE DECARB GANTE	Engineering services and project execution	50%
TR Branch Azerbaijan	Engineering services and project execution	100%	UTE TR BALONGAN	Engineering services and project execution	100%
UTE HASSI MESSAOUD PRJ.	Engineering services and project execution	55%	UTE TR MERCURY	Engineering services and project execution	100%
UTE TR JURONG	Engineering services and project execution	100%	UTE MOSCOW REFINERY	Engineering services and project execution	100%
TRSA India 33059	Engineering services and project execution	100%	TRSA India 33065	Engineering services and project execution	100%
TR SHARJAH BRANCH	Engineering services and project execution	100%	TR SINGAPUR BRANCH	Engineering services and project execution	100%
TRSA India 33117	Engineering services and project execution	100%	UTE TR TSK CC. VALLADOLID	Engineering services and project execution	50%
TECNICAS REUNIDAS FR BR	Engineering services and project execution	100%	TECREUN MOROCCO BRANCH	Engineering services and project execution	100%
HYUNDAI TR SPOLKA	Engineering services and project execution	45%	JV KUWAIT CONSORTIUM	Engineering services and project execution	50%
BX TR SPOLKA CYWILNA	Engineering services and project execution	50%	UTE Puerto de Barcelona	Engineering services and project execution	50%
UTE TR BU HASA	Engineering services and project execution	100%	EP SINES	Engineering services and project execution	100%
JV SOHAR	Engineering services and project execution	50%	JV DASAIT	Engineering services and project execution	50%
UTE TSGI	Engineering services and project execution	33.33%	EP UTE Hassi Messaoud	Engineering services and project execution	55%
UTE TR TSK C.C. MÉRIDA	Engineering services and project execution	50%	UTE VEOLIA-HEYMO BREF CQP	Engineering Services and Project Execution	61.93%

UTE PRESAS MIÑO	Engineering Services and Project Execution	25%	UTE EPTISA-HEYMO	Engineering Services and Project Execution	50%
UTE Valoriza	Engineering Services and Project Execution	50%	UTE HEYMO-INCLAM	Engineering Services and Project Execution	100%
UTE PRESAS CANTÁBRICO	Engineering Services and Project Execution	25%			

APPENDIX IV

Unincorporated temporary joint ventures, consortiums and permanent establishments in which the companies included in the scope of consolidation have shares – 2022

Entity name	Business activity	Share percentage	Entity name	Business activity	Share percentage
UTE FAHDILI	Engineering Services and Project Execution	100%	UTE TR TSK C.C. González Ortega	Engineering Services and Project Execution	50%
UTE HAIL	Engineering Services and Project Execution	100%	UTE TR TSK C.C. Valladolid	Engineering Services and Project Execution	50%
UTE HASSI MESSAOUD PRJ.	Engineering Services and Project Execution	55%	UTE TR TSK C.C.San Luis	Engineering Services and Project Execution	50%
UTE IGD	Engineering Services and Project Execution	100%	UTE TR TSK C.C. Mérida	Engineering Services and Project Execution	50%
UTE INTEGRATED PROJECT	Engineering Services and Project Execution	100%	UTE TSGI	Engineering Services and Project Execution	33%
UTE PRESAS MIÑO	Engineering Services and Project Execution	25%	UTE TSK TR ASHUGANJ NORTH	Engineering Services and Project Execution	50%
UTE STURGEON	Engineering Services and Project Execution	100%	UTE Valoriza	Engineering Services and Project Execution	50%
UTE TR ETO	Engineering Services and Project Execution	100%	UTE VEOLIA-HEYMO BREF CQP	Engineering Services and Project Execution	61.93%
UTE TR INTEGRATED GAS	Engineering Services and Project Execution	100%	UTE RAMBLA	Engineering Services and Project Execution	100%
UTE TR JRTP JAZAN	Engineering Services and Project Execution	100%	JV DARSAIT	Engineering Services and Project Execution	50%
UTE EPTISA-HEYMO	Engineering Services and Project Execution	50%	JV RAILWAY	Engineering Services and Project Execution	34%
UTE TR PHB JORDAN	Engineering Services and Project Execution	50%	JV SOHAR	Engineering Services and Project Execution	50%
UTE TR/ SGS PISTA 18R	Engineering Services and Project Execution	50%	SAMSUNG-TR JOINT VENTURE	Engineering Services and Project Execution	100%

UTE TR/IN CONS.COMPL.VIÑA	Engineering Services and Project Execution	100%	TECNICAS REUNIDAS FR BR.	Engineering Services and Project Execution	100%
UTE TR MINATITLAN	Engineering Services and Project Execution	100%	TR MARRUECOS	Engineering Services and Project Execution	100%
UTE TR NAPHTHA RT	Engineering Services and Project Execution	100%	TR Branch Azerbaijan	Engineering Services and Project Execution	100%
UTE TR NEC	Engineering Services and Project Execution	100%	TR LEDCOR	Engineering Services and Project Execution	50%
UTE TR OPTARA	Engineering Services and Project Execution	100%	TR MOSCU BRANCH	Engineering Services and Project Execution	100%
UTE TR TALARA	Engineering Services and Project Execution	100%	TR OMAN BRANCH	Engineering Services and Project Execution	100%
UTE TR YANBU REFINERY	Engineering Services and Project Execution	100%	TR QATAR	Engineering Services and Project Execution	100%
UTE TR/IPI Refi. de Sines	Engineering Services and Project Execution	100%	TR SHARJAH	Engineering Services and Project Execution	100%
UTE TRISA/AST. P. EBRAMEX	Engineering Services and Project Execution	100%	TR SINGAPOUR	Engineering Services and Project Execution	100%
UTE TRISA/AST. P. MINATR.	Engineering Services and Project Execution	100%	TR THAILAND BRANCH	Engineering Services and Project Execution	100%
UTE TUBAN	Engineering Services and Project Execution	100%	TRD DUQM PROJECT	Engineering Services and Project Execution	65%
UTE TR/TREC OPER.DESALAD	Engineering Services and Project Execution	33%	TRSA INDIA 33059	Engineering Services and Project Execution	100%
UTE Desaladora Oropesa	Engineering Services and Project Execution	33%	TRSA INDIA 33065	Engineering Services and Project Execution	100%
UTE HEYMO-INCLAM	Engineering Services and Project Execution	100%	TRSA India 33117	Engineering Services and Project Execution	100%
UTE HPP Gepesa	Engineering Services and Project Execution	100%	TRSA India 37007	Engineering Services and Project Execution	100%
UTE MARJAN	Engineering Services and Project Execution	100%	BX TR SPOLKA CYWILNA	Engineering Services and Project Execution	50%
UTE PERELLÓ	Engineering Services and Project Execution	50%	EP BANGLADESH	Engineering Services and Project Execution	100%
UTE PRESAS CANTÁBRICO	Engineering Services and Project Execution	25%	EP JORDANIA	Engineering Services and Project Execution	100%
UTE Puerto de Barcelona	Engineering Services and Project Execution	50%	EP SINES	Engineering Services and Project Execution	100%
UTE TR ADGAS	Engineering Services and Project Execution	100%	EP UTE Hassi Messaoud	Engineering Services and Project Execution	55%
UTE TR BALONGAN	Engineering Services and Project Execution	100%	HYUNDAI TR SPOLKA	Engineering Services and Project Execution	45%
UTE TR BU HASA	Engineering Services and Project Execution	100%	JV KUWAIT CONSORCIO	Engineering Services and Project Execution	50%

UTE TR HARADH GAS COMPRES	Engineering Services and Project Execution	100%	TR Abu Dhabi (BRANCH)	Engineering Services and Project Execution	100%
UTE TR JURONG	Engineering Services and Project Execution	100%	TR AUSTRALIA	Engineering Services and Project Execution	100%
UTE TR MERCURY	Engineering Services and Project Execution	100%	TR BRANCH ARGELIA	Engineering Services and Project Execution	100%
TR KUWAIT BRANCH	Engineering Services and Project Execution	100%	TR FINLANDIA	Engineering Services and Project Execution	100%
TR SA ODDZIAL W POLSCE	Engineering Services and Project Execution	100%	TR INDONESIA	Engineering Services and Project Execution	100%
TR TURQUÍA BOTAS	Engineering Services and Project Execution	100%	TR KAZAJISTAN	Engineering Services and Project Execution	100%

Directors' Report

1. Business performance

The macroeconomic environment

The global economic recovery is steady but uneven across countries in the wake of the COVID-19 pandemic, the conflict in Ukraine and rising prices in the face of supply shortages caused by external shocks. Inflation is falling faster than expected after peaking in 2022 and is having less of an impact on employment rates and economic activity than expected, as central banks have tightened monetary policies and kept inflation expectations anchored. At the same time, the high interest rates compared to those of two years ago, coupled with the withdrawal of fiscal support in a context of high public and private debt, are expected to curb growth in 2024.

According to the latest IMF report, global growth projections will remain above 3.1% in 2024 and then rise slightly to 3.2% in 2025 (up from 3.1% in 2023). However, the projection for global growth in 2024 and 2025 is below the historical annual average (3.8% in 2000-19), due to tight monetary policies, the withdrawal of fiscal support and low productivity growth.

The energy sector

The energy sector has recovered significantly to pre-pandemic levels of demand. Liquid fuels reached an average demand of 101 million barrels per day at the end of December 2023, and it is estimated that demand may continue to grow during this decade and start to decline from 2030 onwards.

As for natural gas, global consumption is expected to continue to increase compared to 2022. Natural gas will continue to play a very important role in the decarbonisation of energy, replacing other more polluting fossil fuels and, according to McKinsey Energy 2022, an annualised growth of 10% is expected in 2022-2040. The inclusion of natural gas among the energy sources considered in the European Union's taxonomy was recently approved.

Energy commodity prices have also been reaching scenarios of high prices in recent years. Oil rose from USD 50 per barrel at the end of 2020 to USD 116 at the end of June 2022, closing 2023 at around USD 77 per barrel. As for natural gas, the Henry Hub price closed in June 2022 at USD 6.5 per MBtu, compared to USD 3.8 per MBtu at the end of 2021, and ended at around USD 2.49 per MBtu at the end of December 2023. The main analysts and institutions that monitor the evolution of energy commodities foresee a sustained scenario of high prices for energy and its derivatives.

The scenario arising from the conflict in Ukraine is implying important decisions in Europe regarding the diversification of its energy supply, oil and natural gas, which will translate into additional investments to supply European energy demand, replacing supplies originating from Russia. Before the disruption caused by the conflict in Ukraine, the main companies in the sector, both private companies and state-owned companies, were already pointing to a strong investment cycle stemming from the lack of investment since the mid-2010s and supported by a scenario of high crude oil and natural gas prices. These three factors (geopolitical scenario, lack of recent investment and a scenario of high prices) herald significant investment activity in the energy industry in the coming years, even against a backdrop of lower economic growth.

Técnicas Reunidas

This macroeconomic environment in general and the energy industry in particular have given rise to numerous opportunities. The contracts awarded in 2023 amounted to approximately EUR 4 billion, with projects diversified both in terms of segments and geographical areas. In addition, in many of these projects Técnicas Reunidas has significantly reduced the risk associated with construction as a result of its partnership with Sinopec Engineering.

The Company has stabilised quarterly turnover at around EUR 1,000 million, at constant exchange rates, over the last four quarters. In other words, the projects are already progressing at a pre-pandemic pace of implementation.

Main financial figures

Sales amounted to EUR 4,135 million in 2023. Operating profit was EUR 156.5 million and net profit stood at EUR 59.7 million. The normalisation in the execution of projects after the pandemic has been overcome and the initial uncertainties of the war in Ukraine, once resolved, explain the stabilisation in sales and the improvement in operating margins and net profit.

2023 ended with a net cash position of EUR 348 million, which includes the net effect of the capital increase paid on 4 May 2023. The Company used a portion of the cash flows from the capital increase, as detailed in the prospectus of the increase, to reduce its financial debt.

The average variable interest rate (spread) applicable to the debt was 2.08% in 2023 compared to 2.19% in 2022, which is in line with the improvement in profit and the improvement in the Company's liquidity, credit and solvency ratios.

The order backlog at the date of authorisation for issue of the financial statements amounted to EUR 11,406 million compared to EUR 10,700 million at the end of 2022. The most relevant projects described below (Germany, Qatar, United Arab Emirates and Saudi Arabia), their diversification in terms of segments and technologies, and the good prospects of the sector and the normalised accrual rate of production during the year has led to an increase in the year-end backlog compared to the previous year.

Access to EU funds for strategic companies and solvent companies

In mid-2020, the European Union launched mechanisms to help companies that were solvent before the appearance of COVID and that had been severely impacted by the pandemic. In Spain, these funds are managed by the Spanish State-Owned Industrial Holding Company (SEPI). On 22 February 2022, a financing package of EUR 340 million was granted to Técnicas Reunidas, structured into a participating loan of EUR 175 million and an ordinary loan of EUR 165 million. The first partial repayment of the ordinary loan, amounting to EUR 33 million, took place on 22 February 2024. In addition, the interest corresponding to the ordinary tranche, which amounted to EUR 3.3 million, and the interest on the equity tranche, amounting to EUR 10.7 million, was also paid on that date.

Both tranches of the loan provide for a repayment period of four and a half years from the date on which the loan was granted, maturing in August 2026, although the ordinary tranche provides for partial repayments over the life of the loan.

Técnicas Reunidas holds quarterly meetings with SEPI to monitor full compliance with all the conditions linked to the public aid granted and confirms that it will fully comply with the payment schedule agreed with SEPI in the financing agreements signed.

Capital increase in April-May 2023

On 10 April, the Company announced that it would increase capital by up to 50% of the share capital with pre-emption rights. The transaction consisted of the issue of 24,405,265 new shares, equivalent to 43.7% of the current share capital. Registered shareholders would receive one pre-emption right for each share held. The purpose of the capital increase was to strengthen the Company's financial position to ensure its leadership ahead of a super investment cycle related to energy and decarbonisation. On 11 April, the Spanish National Securities Market Commission (CNMV) approved and registered in its official registers the prospectus corresponding to the capital increase through monetary contributions and with the recognition of the pre-emption right of the Company's shareholders. The capital increase was aimed at the Company's shareholders who had acquired their shares up until 12 April 2023 (the day on which the notice of the capital increase was published in the Official Commercial Registry Gazette) and who were listed as shareholders in the Iberclear registries at 11:59 pm on 14 April 2023 (the second trading day following publication of the above notice in the Official Commercial Registry Gazette), both inclusive. The pre-emptive subscription period lasted fourteen calendar days starting on 13 April 2023. Pre-emption rights could be traded on the stock exchanges through the Spanish stock market interconnection system and could be transferred and exercised in accordance with the terms and restrictions set out in the prospectus. Pre-emption rights would be traded during the sessions of the pre-emptive subscription period.

On 3 May, it was reported that all 24,405,265 new shares had been subscribed for a total effective amount of EUR 150,092,379.75, as detailed below. When the pre-emptive subscription ended on 26 April, a total of 23,854,420 new shares were subscribed, representing 97.74% of the new shares, with 550,845 new shares available to be acquired in subsequent periods. During the additional period for acquisition, a total of 1,244,160,758 additional new shares of the Company were subscribed, with the corresponding pro rata share allotment provided for in the prospectus. The public deed for the capital increase through monetary contributions, with the recognition of the pre-emption right, was executed on 4 May 2023. The Company's share capital was therefore set at EUR 8,030,126.5, divided into 80,301,265 shares of EUR 0.10 par value each, belonging to a single class and series. The Spanish National Securities Market Commission verified the admission to trading of the 24,405,265 new shares issued and they have been listed on the stock markets since 8 May 2023.

Favourable rulings for Técnicas Reunidas in 2023 and other tax matters:

In 2023 the Spanish National Appellate Court handed down rulings in favour of Técnicas Reunidas, as the Parent of the consolidated tax group, and 11 joint ventures in relation to corporation tax settlements for 2008 to 2011. The National Appellate Court ruling recognised that the application by Técnicas Reunidas of the exemption under section 50(1) of the Consolidated Text of the Corporation Tax Act in respect of the earnings of 11 joint ventures through which it operated abroad was in accordance with the law.

To date, the Supreme Court has handed down eleven rulings on the inadmissibility of the appeal filed by the State lawyer in relation to these settlements. One of them is the ruling handed down in the proceedings against the Company, in its capacity as the Parent of the consolidated tax group, which is the entity to which the debt was settled in full, and the other rulings correspond to the proceedings against ten of the regularised joint ventures. Currently, the ruling on inadmissibility corresponding to the only remaining joint venture has yet to be handed down.

Additionally, with the aim of minimising future controversies, Técnicas Reunidas signed a Preliminary Valuation Agreement with the Spanish tax authorities in 2022, which establishes the tax model for the tax group in Spain based on BEPS criteria from 2015 onwards. All the years before 2015 have already been reviewed.

Main projects awarded to Técnicas Reunidas

During the first half of 2023, EUR 1,800 million in contracts were awarded. The main projects comprising this amount were an engineering contract, a FEED-OBE contract, for the development of the largest ammonia production plant in Kazakhstan, and the construction of the liquefied gas regasification terminal awarded to a consortium formed by Técnicas Reunidas, FCC and Entrade GMBH (a subsidiary wholly owned by the Turkish company ENKA).

Kazazot, a leading company in the fertiliser industry in Kazakhstan, selected TR in January to develop a new ammonia, urea, nitric acid and ammonium nitrate complex. With a total investment of approximately USD 1,000 million, the plant will be located in southwest Kazakhstan. Técnicas Reunidas will first carry out the engineering design under a FEED-OBE contract, which will require around 200,000 hours of engineering and will be carried out at its Madrid office. Upon completion of the FEED, TR will execute the complete engineering, procurement and construction of the plant through an EPC contract.

In April 2023, Hanseatic Energy Hub awarded the construction of the liquefied gas regasification terminal in Hamburg (Germany) to a consortium formed by Técnicas Reunidas, FCC and Entrade GMBH. The development of this facility represents a total investment of close to EUR 1,000 million. The share corresponding to Técnicas Reunidas amounts to EUR 500 million. TR will design the regasification terminal and the two storage tanks, each with a capacity of 240,000 cubic meters, and will carry out all the work for the supply of equipment and materials for the project. The construction phase and assembly activities will be carried out by FCC and Entrade. The final phase of the project is expected to begin in March 2024.

In addition, the Company signed several important contracts in the low-emission technology division, including, among others, the development of the Cepsa second-generation biofuel plant in Huelva — the largest project of its kind in southern Europe — and the electrification project for two industrial complexes of Repsol (in Sines, Portugal and in Tarragona, Spain).

In the second half of the year, the main contracts awarded were the MERAM project for Adnoc (EUR 1,650 million) and the Balance of Plant project for QatarEnergy (EUR 550 million).

The MERAM project (Maximising Ethane Recovery and Monetization) for ADNOC Gas. This important client awarded the complete development of the project, which focuses on the recovery of ethanol from gas waste, to a consortium formed by Técnicas Reunidas and NPCC. New equipment and systems will be installed to increase the capacity of several existing units at various ADNOC Gas sites in the country, modifications will be made to accommodate the new production profile, and new gas pipelines will be built for gas supply and production at these units. The project headquarters will be in Madrid. The total investment for the full execution of the project amounts to USD 3,600 million (50% of the total scope going to TR). NPCC, TR's partner in this project and recently renamed NMDC Energy, is a major local EPC company and majority owned by the UAE government.

The Balance of Plant project for QatarEnergy. The project consists of developing facilities that will connect the southern part of the industrial city of Ras Laffan with new LNG storage tanks and with the export facilities located in the northern part of Ras Laffan. The total value of the project is estimated at more than USD 560 million. This award strengthens the relationship that Técnicas Reunidas has with QatarEnergy, since TR has been working on large-scale projects related to the North Field expansion since 2021. In fact, this new award is QatarEnergy's fourth contract in the last 24 months.

In January 2024, Saudi Aramco awarded a contract to a joint venture formed by the Spanish company Técnicas Reunidas, with 65% held by Técnicas Reunidas and 35% by Sinopec Engineering Group, for the development of new NGL fractionation facilities in Saudi Arabia for more than USD 3,300 million. The work will be performed in accordance with two EPC (engineering, procurement and construction) contracts; one for the execution of the Riyas NGL fractionation trains (known as Package 1) and the other for the development of the Riyas NGL common facilities (known as Package 2), which includes utilities, storage and export infrastructure.

Energy transition

2023 was a year of significant growth in terms of Técnicas Reunidas' commitment to the energy transition. This determined approach to the decarbonisation of the economy is reflected in its track strategy, which encompasses four activities:

- The execution of Front End Engineering and Design (FEED) services and turnkey project execution services. Through this line of work, Técnicas Reunidas offers its traditional services for the design and construction of important industrial plants based on low-emission technologies.
- Engineering services for early stages of project development. The intense activity of the energy and infrastructure industry in decarbonisation projects is generating a high demand for engineering services for defining the projects. Técnicas Reunidas is providing services along this line, such as developing the technical scope of conceptual and feasibility studies or analysing the technologies available for specific processes.
- Project structure: the expected growth in projects involving low-emission technologies to accelerate decarbonisation requires well-structured investment opportunities. Técnicas Reunidas is working on the development and co-development of projects with industrial partners; current opportunities entail investments of EUR 4,000 million.
- Recurring services associated with the decarbonisation of industrial facilities. In particular, the outsourcing of carbon management for large industrial emitters and the implementation of methane emissions management frameworks.

The focus on this track strategy is yielding significant results. In 2023 and the first few months of 2024, projects in execution accounted for more than EUR 265 million, which is an exponential improvement on that for 2021 and 2022 combined. These projects involve engineering service contracts for projects in the hydrogen value chain, biofuels or carbon capture.

Some of the decarbonisation projects awarded to Técnicas Reunidas are as follows:

In the hydrogen value chain:

- For a confidential client, the development of basic and detailed engineering of two green ammonia plants with a hydrogen production capacity of more than 300 MW using electrolysers.
- For Atlas Agro, execution of the FEED of a green fertiliser plant located on the west coast of the United States, with a production capacity of 650,000 tons per year.
- For Fortescue, in Norway the execution of the FEED for a green ammonia plant with a green hydrogen production capacity of 300 MW using electrolysers.
- For Copenhagen Infrastructure Partners, the execution of the FEED for a 500 MW green hydrogen production plant using electrolysers in Andorra (Teruel).

In biofuels:

- For a confidential client, the construction of a semi-industrial demonstration plant for the production of synthetic fuels from green hydrogen and carbon captured from industrial processes.
- For CEPSA, at its facilities in La Rábida, in Huelva, the engineering and purchase of equipment and materials for the project to produce biodiesel and sustainable aviation fuel (SAF).
- For Advanced Methanol Amsterdam, the execution of the FEED of a project to produce biomethanol from household waste and forest biomass.
- For a confidential client, the execution of basic engineering services for the auxiliary facilities of a project to produce biodiesel and SAF.

In carbon capture:

- For a confidential client, the pre-FEED engineering services for carbon capture in steam production plants.
- For a confidential client, the pre-FEED engineering services for a blue ammonia production plant.
- For SSE, the execution of the FEED for carbon capture in a combined cycle power plant located in Peterhead, Scotland.
- For a confidential client, the pre-FEED engineering services for a blue hydrogen production plant for subsequent use in combined cycle electricity generation.
- Furthermore, Técnicas Reunidas is entering into collaboration agreements with the main licensors of technologies associated with the energy transition and decarbonisation.

As part of the track strategy, and with the aim of establishing platforms for growing its operations, in 2023 Técnicas Reunidas:

Has signed an agreement with the International Finance Corporation (IFC), a subsidiary of the World Bank, with the aim of promoting and developing projects based on low-emission technologies in Eastern European countries.

Has established a team to structure projects in Houston to take advantage of the incentives established under the Inflation Reduction Act (IRA).

Also as part of the track strategy, Técnicas Reunidas is developing the channels and strategies necessary to consolidate a prominent position in the steel and cement industries, with important objectives and challenges for decarbonisation.

For Técnicas Reunidas, the energy transition is a strategic growth line and is expected to make a significant contribution to revenue in the second half of this decade.

2. Research and Development activities

Técnicas Reunidas continues with its firm commitment to research, development and scaling of new technologies.

Research and technological development projects are being carried out at its José Lladó Technology Centre, where more than 70 people work, including graduates and doctors of different disciplines.

In addition, the centre provides technology development and scaling services (55 people currently carry out activities related to scaling up electrolysis and catalysts technologies, with several pilot plants currently in operation) and technical assistance services, collaborates with the transfer of research findings between various public research centres, technology centres and Técnicas Reunidas, and promotes and participates in cooperative research programmes between companies.

Técnicas Reunidas allocated more than EUR 10 million to R&D in 2023. In 2023 Técnicas Reunidas continued its work on the following Spanish and European technology and research and development projects:

Circular Economy

- HALOMET® technology: waste treatment technology for the incineration of municipal waste to recover zinc and other metals.
- SEA4VALUE project: European project (HORIZON 2020) to develop valuable metal recovery technologies from brine produced in desalination plants.
- DUST project: development of technology for the treatment and direct reuse of steel dust, with the main objective of recovering the zinc present in it.
- ECOTRON project: recycling of electronic devices, the organic substrates and valuable metals present in them.
- ECLIPSE project: recycling and recovery of complex polymeric waste to obtain new polymers.
- Plastics2Olefins project: participation in a consortium to design a Plastics Recycling Demo plant to obtain high-value products. TR participates in engineering development, process optimisation and technology integration.
- COMAR project: a project to recover composite materials, which studies catalytic technologies for separating and recovering the different components so they can be reused.

Hydrogen and carbon dioxide capture

- SHINEFLEET project: covers the entire hydrogen value chain, from production to end use, including the development of compact renewable and blue hydrogen generators for the heavy transport industry.
- ZEPPELIN project: study and development of innovative and efficient technological solutions for the production and storage of green hydrogen based on the circular economy. The project is working on producing hydrogen from waste using catalytic and thermochemical techniques.
- UNDERGY project: studies technologies for the development of seasonal storage of renewable energy with green hydrogen integrated into a smart grid. The main axes are: study of underground storage of renewable energy using green hydrogen and creating an efficient energy management system.
- HYMET project: development of new technologies applicable to the decarbonisation of the iron and steel industry and reusing its by-products. The project is studying how to recover waste by means of a reduction reactor, the generation of green hydrogen, and how to reuse captured carbon dioxide.
- EFISOEC project: development of technology for the production of green hydrogen using SOEC (Solid Oxide Electrolyzer Cell) technology.
- HY2DEC project: development and validation of new emerging technologies for the production and use of hydrogen and green oxygen, as well as carbon dioxide capture, and their integration in intensive Spanish industrial processes with the aim of advancing in their decarbonisation.
- H2toGreenCeramics project: applied research for the production of green hydrogen on site in the Ceramic Cluster and the energy optimisation of melting furnaces using an oxy-fuel combustion process.

Critical Raw Materials

- PHOS4LIFE® technology: for the production of technical grade phosphoric acid from sewage sludge incineration ash.
- RARETECH® technology: for the production of rare earth concentrates from monacite-type minerals.
- RECYCLION® technology: for the recovery of critical raw materials (Li, Co, Ni, P and graphite) from recycling electric vehicle batteries.
- REMSELAN project: technology for obtaining rare earths (cerium, neodymium, praseodymium, lanthanum and europium) by separation and purification of lanthanum.
- BIORECOVER project: recovery of rare earths and platinum from primary and secondary sources.

- PERTE VEC FUTURE FAST FOWARD project: an initiative in which Técnicas Reunidas will develop the RELOAD project for the recovery of critical raw materials and high-value metals from batteries, motor supermagnets and electronic components of electric vehicles.
- SUNRISE PV: Técnicas Reunidas participates as a technologist and engineer to develop new processes for the recovery and reuse of critical materials and components in the solar photovoltaic value chain.
- MINETHIC project: development of technologies for the recovery of critical raw materials that are essential for decarbonisation, such as rare earths, cobalt, lithium, nickel, manganese, phosphorus, etc., from various by-products and waste.

Biorefining

- LEVAPLUS project: development of technology to reuse raw materials rich in C6 sugars for the production of carboxylic acids to obtain chemical products, polymers or pharmaceuticals, among others.

Nuclear fusion

- FUSION FUTURE project: research into new materials, processes and advanced technologies that contribute to addressing the main issues on the road to nuclear fusion energy.

Chemical Processes

- POWER2HYPE project: development and demonstration of a new process for producing hydrogen peroxide, changing the established energy-demanding chemical route to a sustainable electrochemical route.

3. Capital structure

Share capital consists of 80,301,265 shares with a par value of €0.10 per share. There is only one class of shares and therefore they all have the same rights and obligations. There are no restrictions on the transfer of the shares.

Significant shareholdings are as follows:

	2023	2022
Shareholder	**% ownership interest***	**% ownership interest**
Aragonesas Promoción de Obras y Construcciones, S.L.U.	5.17%	5.10%
Araltec Corporación, S.L.U.	32.39%	31.99%
Franklin Templeton Investment Management Ltd	-	3.00%
Francisco García Paramés	5.26%	5.15%
Álvaro Guzmán de Lázaro Mateos	5.97%	5.04%
Ariel Investments. L.L.C.	-	3.01%
Cobas Selección F.I.	-	3.00%
Other shareholders (including free float)	48.45%	39.75%
Treasury shares	2.76%	3.96%
TOTAL	**100.00%**	**100.00%**

** Ownership interest taken from the Company's shareholder register. These percentages do not coincide with those available on the website of the Spanish National Securities Market Commission for the Company since some of the significant shareholders did not need to update their shareholding because they have not exceeded any of the notification thresholds set out in the applicable regulations.*

4. Restrictions on voting rights.

In accordance with article 16 of the Articles of Association, at least 50 shares must be held in order to attend the General Meetings.

5. Shareholder agreements.

There are no agreements of this type.

6. Rules applicable to the appointment and replacement of Board members and to amendments to the Company's Articles of Association.

The Annual Corporate Governance Report provides a detailed description of these rules relating to the Board of Directors. The most relevant aspects are:

Articles 17 to 22 of the Board Regulations regulate the appointment and removal of the directors of Técnicas Reunidas; establishing that:

1. The Directors will be appointed, following a report by the Appointment and Remuneration Commission, by the General Meeting or by the Board of Directors in accordance with the provisions of the Corporate Enterprises Act.

2. The Board of Directors will ensure that the selection of candidates involves persons of recognised solvency, competence and experience.

3. To fill an independent director position, the Board of Directors may not propose or appoint persons that hold any executive position at the Company or in its Group or that are associated through family and/or professional relationships with the executive directors, other senior executives and/or shareholders of the Company or its Group.

4. Directors will be appointed for terms of four (4) years, notwithstanding the possibility that they may be removed early by the General Shareholders Meeting. They may be re-elected one or more times for equal terms at the end of their mandate.

5. Independent directors will cease in their positions when they have held the seat for an in interrupted period of 12 years as from the time of the listing of the Company's shares on the market.

6. Directors must place their offices at the disposal the board of directors and, at the board's discretion, formalise the resignation in the following cases:

   - When they cease to hold the executive position with which their appointment as Board members is associated.

   - When they become subject to any incompatibility or prohibition provided for by law.

- When they receive any serious reprimand from the Board of Directors for failing to have carried out their duty as Directors.

- When their remaining on the Board may jeopardise the Company's interests or when the reasons for which they were appointed no longer exist (for example, when a proprietary director disposes of his/her interest in the Company).

7. Powers of Board members, and in particular those relating to the possibility of issuing or repurchasing shares.

The Board of Directors has the usual management and representation powers, in accordance with the powers envisaged by the Corporate Enterprises Act, and it is the Company's highest decision-making body except in matters reserved to the General Meeting.

The Chairman also holds the same powers as the Board of Directors (except for those established in Article 25 relating to the election of the Chairman and the Deputy Chairmen, or those that cannot be delegated in accordance with the law or internal corporate regulations) and on 25 June 2020 was delegated all powers of the Board that could be delegated.

Article 5 of the Board Regulations stipulates that the Board's functions regarding the powers relating to the possibility of issuing or buying back shares:

- The execution of the treasury share policy within the framework of the authorisation provided by shareholders at a general meeting.

- The determination and approval of the Company's general policies and strategies, including the treasury share policy and, in particular, its limits.

- The approval of the Company's most relevant operating decisions concerning investments and shareholdings in other companies, financial transactions, contracting and staff remuneration.

8. Significant agreements entered into by the Company that may come into effect, be amended or terminated in the event of a change in control in the Company as a result of a takeover bid.

No agreements of this type exist.

9. Agreements between the Company and its administrative or management personnel that provide for termination benefits in the event of resignation or unfair dismissal or if the employment relationship ends as a result of a takeover bid.

The Executive Chairman's contract provides for financial compensation in the event of removal from office or wrongful termination of the contractual relationship with the Company that serves as a basis for the remuneration of delegated or executive functions not due to a breach attributable to the director, for a maximum amount equal to the amount of the last two annual payments of (a) fixed remuneration, (b) variable remuneration, and (c) the amounts received under the special social security agreements that have been entered into, where applicable. These termination benefits would amount to EUR 2,726 thousand.

In turn, a senior executive contract provides for financial compensation in the event of removal from office or wrongful termination of the contractual relationship with the Company not due to a breach attributable to the senior executive, for a maximum amount equal to EUR 2,346 thousand.

10. Average period of payment to suppliers.

The average period of payment is as follows:

	Thousands of euros	
	2023	2022
Average period of payment to suppliers	97	100
Ratio of transactions paid	73	85
Ratio of transactions payable	132	134

	Thousands of euros	
	2023	2022
Total payments made	3,926,352	3,563,604
Total payments pending	1,495,621	1,094,533

These figures relate to projects in multiple regions. With respect to Spanish suppliers, the Group may, as an exception, exceed the stipulated due dates in cases of invoices that do not comply with the terms of the agreement because they are not officially fulfilled, due to guarantees not being received or due to breach of other obligations of suppliers under the signed service agreement or order, or other reasons related to the normal performance of the transaction.

The calculation is made taking into account the date of registration of the invoice in the system. On that date, not all the invoices are due since they may not comply with the contractual requirements established. In addition, this debt is not enforceable in accordance with 'paid when paid' clauses.

In accordance with the new regulations under section 9 of Law 18/2022, of 28 September, in addition to the above information, the following information is provided:

Number (units)	**2023**	**2022**
Invoices paid prior to compliance with the maximum legal period for payment to suppliers	63,154	47,855
Percentage out of total number of supplier invoices	73%	67%
Volume (thousands of euros)	**2023**	**2022**
Invoices paid prior to compliance with the maximum legal period for payment to suppliers	1,913,814	1,693,240
Percentage out of total number of supplier invoices	49%	46%

11. Significant events after the reporting period.

On 14 February 2024, José Lladó Fernández-Urrutia, the founding chair and main shareholder of the Group, passed away in Madrid at the age of 89 after a long illness.

Notice was received subsequent to year-end that the corporation tax assessments would be issued for the related tax years corresponding to the subsidiary of the Dominican Republic. Group management considers that these assessments will not give rise to liabilities in addition to those already recognised and is in the process of appealing them.

At the date of authorisation for issue of these consolidated financial statements, with the exception of that mentioned in the previous paragraph, no significant subsequent events have taken place that require disclosure.

12. Treasury shares

At 31 December 2023, treasury shares represented 2.76% of the Parent's share capital (2022: 3.96%), and totalled 2,219,634 shares (2022: 2,213,972 shares), with a weighted average price of EUR 33.26 per share (2022: EUR 32.96 per share).

13. Financial instruments

See Note 10 of the appended notes to the consolidated financial statements.

14. Alternative Performance Measures

In addition to the financial information presented in this document and prepared under EU-IFRS, the Group includes certain alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority ('ESMA') on 5 October 2015 on alternative performance measures (the 'ESMA Guidelines' and the 'MARs'). The Group believes that the presentation of the MARs included in this document complies with the ESMA Guidelines and the ESMA 'Questions and Answers on the Guidelines on Alternative Performance Measures' issued on 17 April 2020 (the 'ESMA Questions and Answers').

Management uses these APMs when making financial, operating and planning decisions and to assess the Group's performance. Management presents the following APMs that it considers useful and appropriate for investor decision-making and that are most reliable about the Group's performance.

EBITDA

EBITDA is used as an indicator of the Group's capacity to generate profits, considering only its productive activity, eliminating amortisation and depreciation, as well as the effect of financial results and income tax. It is calculated by deducting depreciation and amortisation expense and impairment charges for the year from operating profit.

EBITDA is used to monitor the Group's performance and profitability and to set operational and strategic targets. It is also a measure widely used by the investment community to assess the performance of companies.

Given the above limitations, EBITDA should not be viewed as a measure of discretionary cash available for the Group to invest or as a measure of cash that will be available for the Group to meet its obligations.

The following table provides a reconciliation of our revenue to EBITDA for the years indicated:

		Millions of euros	
		Year ended 31 December	
		2023	**2022**
Revenue	Sales, other gains or losses and other operating income	4,146.3	4,248.2
Operating expenses	Procurement costs, staff costs, other operating expenses, depreciation and amortisation, and impairment	(3,989.7)	(4,239.5)
Profit from operations	**Income - Operating expenses**	**156.6**	**8.7**
Depreciation and amortisation charge and impairment	Depreciation, amortisation and impairment	25.9	25.9
EBITDA	**Profit from operations, excluding depreciation and amortisation**	**182.5**	**34.6**

Group management confirms that there has been no change in the definition, reconciliation or use of this indicator with regard to that used in the previous year.

EBIT

Earnings before interest and taxes (EBIT) is an indicator of the Group's operating result without taking into account financial and tax results. It is used as a supplement to EBITDA in comparison with other companies in the sector that have few assets. EBIT is equivalent to 'operating profit'.

The following table provides a reconciliation of our revenue to EBIT for the years indicated:

		Millions of euros	
		Year ended 31 December	
		2023	**2022**
EBITDA	Profit from operations, excluding depreciation and amortisation	182.5	34.6
Depreciation and amortisation charge and impairment	Depreciation, amortisation and impairment	(25.9)	(25.9)
EBIT	**Profit from operations**	**156.6**	**8.7**

Group management confirms that there has been no change in the definition, reconciliation or use of this indicator with regard to that used in the previous year.

Net cash

Net cash is the alternative performance measure used by management to measure the Group's level of net liquidity for the purpose of complying with covenants related to financial debt. It is calculated as the difference between 'cash and cash equivalents' plus 'financial assets at fair value through profit or loss' minus 'borrowings' (excluding 'borrowings associated with rights of use of leased assets' and 'participating loans'). Cash and cash equivalents include cash on hand, demand deposits in banks and other highly liquid short-term investments originally maturing within three months or less.

The following table provides a reconciliation of our cash and cash equivalents to net cash for the years indicated:

		Millions of euros	
		2023	**2022**
Cash and cash equivalents	Cash on hand, demand deposits in banks and other short-term highly liquid investments maturing within three months or less	1,033.7	959.7
Borrowings	Non-current and current bank borrowings	(685.9)	(802.1)
Net cash	**Cash and cash equivalents, plus financial assets at fair value, less borrowings, not including the participating loan**	**347.8**	**157.5**

Group management also confirms that there has been no change in the definition, reconciliation or use of this indicator with regard to that used in the previous year.

Portfolio

The Group calculates its order backlog as the estimated amount of contracted revenue that the Group expects to translate into future revenue from existing contracts, adjusted for changes in contract scope and fluctuations in the exchange rate of currencies other than the euro applicable to the projects. The calculation of the order backlog also includes the estimated amount of revenue from contracts that have been signed, but for which the scope of services and therefore the price has not yet been determined. In this case, the Group makes a downward adjustment to the estimated revenues and includes it as an element of order backlog.

The Group considers its order book to be a relevant indicator of the pace of development of its activities and monitors it so that it can plan its needs and adjust its expectations, budgets and forecasts. The volume and timing of work in the Group's order book are relevant for the purpose of anticipating the Group's operating and financing needs, and its ability to complete its order backlog depends on its ability to meet these operating and financing needs.

Based on the above, the order backlog amounts to EUR 9,354.86 million as at 31 December 2023 (EUR 9,514.85 million at 31 December 2022).

Average variable interest rate

The average variable interest rates applicable to the debt in euros were as follows:

	2023	2022
Variable rates (spread)	2.079%	2.19%

Leverage ratio

The leverage ratio is calculated as the percentage of 'borrowings' (not including 'borrowings associated with rights of use of leased assets' and 'participating loans') and equity attributable to shareholders.

The calculation is as follows:

		Millions of euros	
		2023	2022
Borrowings	Non-current and current bank borrowings	685.9	802.1
Equity	Equity attributable to shareholders	313.7	70.8
Leverage ratio	**Borrowings/Equity**	**218.67%**	**1133.37%**

Group management also confirms that there has been no change in the definition, reconciliation or use of this indicator with regard to that used in the previous year.

15. Statement on Non-Financial Information

15.1. Business model

15.1.1. Description of the business model

The Técnicas Reunidas Group (individually, 'TR', 'Técnicas Reunidas', or 'the Company') is dedicated to providing all types of value-added engineering and construction services for industrial plants for the production of clean fuels, natural gas and chemical products, services that range from feasibility studies or basic and conceptual engineering, to the complete execution of large and complex turnkey projects, including engineering and design, management of procurement and delivery of equipment and materials, construction of facilities and other related or linked services, such as technical assistance, construction supervision, site management, project management, commissioning and training, and offering technical solutions linked to the energy transition, the circular economy and decarbonisation (renewable hydrogen, biofuels, waste recovery, CO_2 capture, use and storage, etc.).

These technical solutions enable its clients to develop their sustainability policies and meet their emission reduction targets through the construction and modernisation of highly energy-efficient industrial plants, thereby complying with regulatory requirements and voluntary commitments in this area.

The Company's business model is based on three fundamental principles that demonstrate TR's commitment to the development of its activity:

- The quality of the services provided by the Group, which makes it one of the companies with the best reputation in the market and ensures a recurring flow of business from its regular clients.
- The flexibility manifested in its capacity to work under very different contractual structures, in diverse geographical environments and in plants of a very different nature. Along these lines, TR's capacity to penetrate new markets is excellent.
- It can constantly adapt to new environments, which in current times allows its rapid incorporation into technologies that require the transition to clean energy, as well as an immediate response to the change in the operating scenario driven by the digital transformation.

Another aspect of great importance in TR's business is the energy transition, an area in which the Company wants to play a central role in the sector. In this regard, with its Energy Transition Division and its Energy Transition Committee, TR is working to become increasingly involved in projects with a clear positive impact related to decarbonisation and to do so as quickly and fairly as possible, supporting its clients on their path towards decarbonisation. To this end, TR draws on its 60 years of experience as a company specialising in advanced engineering and its solid knowledge of a wide range of industrial processes, combined with its technological and innovative capacity.

In this context, Técnicas Reunidas is committed to directing all its present and future projects toward meeting the objectives of decarbonisation and energy transition, both in terms of its traditional business and the new areas in which it is present, through all types of work schemes

15.1.2. Organisation and structure

Appendices I and II of the consolidated financial statements contain the corporate structure of the Company.

15.1.3. Business Areas

In its engineering and construction services business, Técnicas Reunidas carries out its operations through different business lines. The clean fuel and petrochemical production business lines are included in its sustainable growth activity, while its natural gas, circular economy, hydrogen and carbon capture and storage business lines are included in its decarbonisation activity.

- **Refining:** this line provides management, engineering, procurement, construction and commissioning services for facilities along the entire value chain for the production of fuels that meet the highest standards (euro V/euro VI). These facilities convert waste flows into high quality fuels, optimising the use of natural resources. The Group also has extensive experience in the design and construction of the most advanced technologies for clean refining production processes. TR also offers its clients the possibility of modernising existing plants with the aim of improving their efficiency and making progress in the sustainability actions and commitments that they have decided to implement.

- **Natural gas:** this line provides direction, management, engineering, procurement, construction and commissioning services for facilities throughout the supply chain, from natural gas production to regasification terminals, as natural gas is a key fuel for advancing toward decarbonisation objectives. In this regard, the Group has designed and built all types of facilities, from production facilities in natural gas fields, to treatment and processing plants, compressor stations, liquefaction, storage tanks and final regasification facilities.

- Petrochemical: this line provides direction, management, engineering, procurement, construction and start-up services for facilities dedicated to the production of basic chemical materials used in water distribution, pharmaceuticals, health, food, energy efficiency in buildings and transport systems, among others. The refining production plants are being integrated with petrochemical operations, supplying both markets in an efficient and flexible manner and optimising the consumption of natural resources.

- **Low-carbon technology**: this line includes the following activities.

    - **Hydrogen**: through this business line, the Group is actively involved in offering solutions for different types of hydrogen, helping its customers to integrate this element into their production processes with storage solutions or by incorporating into existing gas networks.

    - **Circular economy and bioproducts**: within this business line, the Group provides services to produce biomethane and convert biomass and waste into fuels (biodiesel and biokerosene), chemicals and power and steam generation.

    - Carbon capture and storage: the carbon capture and storage line allows the Company to provide similar services to the other lines for carbon capture in industrial processes in energy-intensive activities, such as the production of clean fuels, the chemical industry, the cement industry and the iron and steel industry. Técnicas Reunidas implements carbon capture systems in these processes. The captured carbon is subsequently taken to specialised infrastructures for final storage or converted into synthetic fuels. Significant activity is expected in this market, as other decarbonisation alternatives are not easy to implement in energy-intensive plants.

- **Other**: This line provides direction, management, engineering, procurement, construction and commissioning services for facilities related to activities outside the Group's business lines. The main activities are water treatment, port infrastructures and oil production. Also included in this segment are those projects whose completion was not achieved as a result of customer termination of the contract, through the enforcement of guarantees. The purpose of this inclusion is to avoid distorting the analysis of the remaining segments.

This commitment to diversification, segmentation and innovation allows the Company to have a highly varied portfolio of projects and different scope in multiple geographical areas, such as those relating to conceptual studies, basic engineering, FEED (Front End Engineering Design), PMC (Project Management Consulting), EPC (Engineering, Procurement and Construction), OBE (Esta Book Estimate) or LSTK (Lump Sum Turnkey).

15.1.4. Business environment and markets

Técnicas Reunidas operates in a constantly changing environment, marked by rising energy demand in emerging countries, continuous adaptation to new environmental standards and the evolving needs of refineries towards more complex and profitable configurations.

In turn, this work context is increasingly demanding in terms of sustainability criteria, including increasingly stricter environmental standards, the development of new technologies, and growing competition. TR takes on increasingly complex projects that are highly demanding in terms of technical specifications, deadlines, scope of work and performance conditions.

The Company provides value-added engineering and construction services for the sustainable production of energy and chemical products. These services may include the complete cycle from the design phase to the execution of large and complex turnkey projects. As part of the added value, the Group offers technical solutions linked to the energy transition, the circular economy and decarbonisation (renewable hydrogen, biofuels, waste recovery, CO_2 capture and storage, etc.).

In 2023, the global economic recovery is proving surprisingly resilient in the wake of the COVID-19 pandemic, the Russian invasion of Ukraine and rising costs. Inflation is falling faster than expected after peaking in 2022 and is having less of an impact on employment and economic activity than expected, as a result of the favourable performance on the supply side and the tightening of policies by central banks, which has kept inflation expectations anchored. At the same time, the high interest rates aimed at combating inflation, coupled with the withdrawal of fiscal support in a context of high debt, are expected to curb growth in 2024.

According to the latest IMF report, global growth projections were estimated to be 3.1% in 2023, and to remain at 3.1% in 2024 and then increase slightly to 3.2% in 2025. However, the projection for global growth in 2024 and 2025 is below the historical annual average of 3.8% (2000-19), due to tight monetary policies, the withdrawal of fiscal support and low underlying productivity growth.

Accordingly, the energy sector has recovered significantly to pre-pandemic levels of demand. Liquid fuels reached an average demand of 101 million barrels per day at the end of December 2023, and it is estimated that demand may continue to grow during this decade and start to decline from 2030 onwards.

As for natural gas, global consumption is expected to continue to increase compared to 2022. Natural gas will continue to play a very important role in the decarbonisation of energy, replacing other more polluting fossil fuels and, according to McKinsey Energy 2022, an annualised growth of 10% is expected in 2022-2040. Recently, the inclusion of natural gas among the energy sources contemplated in the European Union's taxonomy was approved.

Energy commodity prices have also been reaching scenarios of high prices in recent years. Oil rose from USD 50 per barrel at the end of 2020 to USD 116 at the end of June 2022, closing 2023 at around USD 77 per barrel. As for natural gas, the Henry Hub price closed in June 2022 at USD 6.5 per MBtu, compared to USD 3.8 per MBtu at the end of 2021, and ended at around USD 2.49 per MBtu at the end of December 2023. The main analysts and institutions that monitor trends in energy commodities expect the scenario of high energy prices and energy derivative prices to continue.

The scenario resulting from the conflict in Ukraine is entailing important decisions in Europe regarding the diversification of its energy, oil and natural gas supply, which will lead to additional investments to supply energy demand in Europe, thus replacing supplies from Russia, as we will see later in the section on contracts awarded. Before the disruption caused by the conflict in Ukraine, the main companies in the sector, both private companies and state-owned companies, were already pointing to a strong investment cycle stemming from the lack of investment since the mid-2010s and supported by a scenario of high crude oil and natural gas prices. These three factors (geopolitical scenario, lack of recent investment and a scenario of high prices) herald significant investment activity in the energy industry in the coming years, even against a backdrop of lower economic growth.

To supply a growing and environmentally sustainable demand for energy, investments must be made in establishing, upgrading and improving the efficiency of existing facilities, where TR is well positioned and has the credentials required by investors, the technical capacity and over sixty years of proven experience worldwide, particularly in those geographies where most of the investments are expected to take place. The Company therefore expanded its workforce in 2023 and plans to continue to grow in 2024, including in other important geographical areas due to their proximity to customers.

Likewise, TR is well positioned, thanks to its leadership in the face of climate change, the diversification of its activities, and its adaptation to new trends in the market as one of the most committed companies. This enables the Company to take advantage of the opportunities that will arise from increased regulatory pressure on environmental issues, as it has the technology and solutions to help its clients meet increasing environmental demands. This diversification of activities focuses on working with customers in terms of the environmental improvement of their facilities: production of clean fuels, natural gas and chemical products, low-carbon technology (hydrogen, CO_2 capture and storage, circular economy and bioproducts) and, therefore, the reduction of greenhouse gas emissions.

This macroeconomic environment in general and the energy industry in particular have given rise to numerous opportunities. The contracts awarded in 2023 amounted to approximately EUR 4,000 million, with projects diversified both in terms of segments and geographical areas. In addition, in many of these projects Técnicas Reunidas has significantly reduced the risk associated with construction.

It is worth highlighting the market's reactivation and consolidation of the contracts awarded to Técnicas Reunidas in the field of renewable energies and energy transition. The Company was awarded energy transition projects (feasibility studies, basic engineering and FEEDs), including important strategic projects in the circular economy, decarbonisation, biomethanol, green ammonia and the production, transport and compression of green hydrogen both in Spain and abroad. TR has therefore managed to position itself strategically to carry out the future phases of these projects, some of which are planned for 2024, and to be a benchmark company in the sector.

MARKETS IN WHICH TÉCNICAS REUNIDAS OPERATES

15.1.5. Factors and trends that may affect the Company's evolution

Apart from market developments, the Company may be affected by factors related to other areas of its business. Therefore, Técnicas Reunidas identifies and analyses emerging trends that could have an impact on its management model in order to take action in this regard and adapt its business strategy.

	FINANCIAL ENVIRONMENT	OPERATING ENVIRONMENT	HEALTH AND SAFETY REQUIREMENTS	ENVIRONMENTAL REQUIREMENTS
TRENDS	Contracting and execution models that delay collections from customers (invoicing by milestones rather than progress payments, reduction in prepayments, delays in resolving claims and high volume of guarantees). Macroeconomic uncertainty and market volatility (inflation, high interest rates). Increase in the tax burden on governments to offset deficits and new rules with minimum tax rates. Volatility of certain emerging market currencies.	Uncertainty regarding the evolution of oil prices, with knock-on effect for investment decisions and execution of projects. Decreased uncertainty due to higher raw material prices, energy and transport costs. Geopolitical uncertainty: Middle East, Russia, the United States, China, Latin America and North Africa. Increased competition in turnkey projects.	Adaptation to local occupational safety requirements. Increased demand from clients regarding the qualifications and requirements of onsite personnel with health and safety responsibilities. Need for practical on-site training programmes on occupational safety. Incorporation of new technologies for improved performance and monitoring of safety and health projects.	Growing concern from clients regarding the sustainability requirements of projects. Stricter environmental and social requirements from entities such as customers, the World Bank, financial institutions or accredited certification bodies. Increased environmental and social regulatory pressure. Report in accordance with the EU Taxonomy (Regulation 2020/852 and its technical annexes on mitigation, adaptation, water resources, circular economy, pollution and biodiversity).

	FINANCIAL ENVIRONMENT	OPERATING ENVIRONMENT	HEALTH AND SAFETY REQUIREMENTS	ENVIRONMENTAL REQUIREMENTS
TRENDS	Evolution of the USD, TR's reference currency.	Increased client and subcontractor litigation.		Increasingly demanding, detailed and comprehensive analysis by financial institutions and analysts of ESG ('E' for environmental, 'S' for social and 'G' for governance) requirements.
	Increased perception of the risk of turnkey projects by financial institutions and insurance companies with regard to the engineering and construction sector.	New demands from clients in the execution structure of projects (e.g.: joint ventures or revamping).		A firm commitment to process units focused on high-efficiency designs, aimed at carbon capture, minimisation of emissions and reuse of waste, supporting the circular economy, among others.
	Uncertainty regarding the evolution of the economic cycle.	Critical negotiations with customers and suppliers in the final phases of the project.		
	OECD regulation on taxation (BEPS).	Preference by certain customers for early engagement of contractors before the tenders		
	Optimisation and the search for efficiency	Need for clients to find financing for their projects.		
	Cash preservation policies for clients.	A firm commitment to process units with high-efficiency designs, aimed at carbon capture, minimisation of emissions and reuse of waste, supporting the circular		

	FINANCIAL ENVIRONMENT	OPERATING ENVIRONMENT	HEALTH AND SAFETY REQUIREMENTS	ENVIRONMENTAL REQUIREMENTS
		economy, among others. Trend towards the use of renewable energies and low-carbon processes. Commitment in many markets to petrochemicals. Investment in energy transition projects (hydrogen, ammonia, biofuels) and other decarbonisation activities. Creation of tax incentives for generating green hydrogen		

	FINANCIAL ENVIRONMENT	OPERATING ENVIRONMENT	HEALTH AND SAFETY REQUIREMENTS	ENVIRONMENTAL REQUIREMENTS
TRENDS		Increased use of technology and digitisation of manual processes as a more efficient alternative to traditional physical presence. Global shortage of engineering resources necessary for project development. Increasing customer requirements in implementing digital twins in their plants.		

	FINANCIAL ENVIRONMENT	OPERATING ENVIRONMENT	HEALTH AND SAFETY REQUIREMENTS	ENVIRONMENTAL REQUIREMENTS
HOW IS TR PREPARED?	Maintenance of available lines of financing. Customer and supplier management (collection and payment periods, discounts, confirming). Development of policies for allocation of profits to the countries where they are generated (BEPs). Currency hedging and commodity policy by using forwards. Development of a highly diversified pool of banks, with a greater presence of local, regional and international banks. Continuous process of optimisation and improvement of efficiency.	Optimisation and improvement of efficiency. Geographical diversification of services and projects. Experience in sustainable technologies. Selective management of potential projects. Closer integration with clients from the initial phase onwards. Technical capacity and proven experience carrying out highly complex designs. Consolidated know-how and work procedures. Knowledge of the markets where the Company carries out its projects, including local suppliers and providers.	Implementation of a Regulatory Compliance System that includes criminal risks. Ongoing training in international health and safety standards aimed at project managers. Stronger collaboration between human resources and the other areas involved in the construction, commissioning and start-up phases. Acquisition of specific software and migration of periodic reports for internal health and occupational safety management. Linking 10% of the executive director's variable remuneration to health and safety aspects.	Strengthening the system for evaluating the social and environmental compliance of local suppliers. Internal and external audits of the Environmental Management System during the design and construction phases as regards environmental matters. Internal audits to ensure that corporate processes and procedures (CRM - Corporate Requirements Monitoring) for projects are correctly implemented during the engineering phase. Identification of ESG risks and monitoring of environmental risks and opportunities. Linking 10% of the executive director's variable remuneration to environmental aspects. Leading the way in the area of sustainability and the fight against climate change.

	FINANCIAL ENVIRONMENT	OPERATING ENVIRONMENT	HEALTH AND SAFETY REQUIREMENTS	ENVIRONMENTAL REQUIREMENTS
	Contracting of +6bn projects for more than EUR 6 billion in 2023. Extension and diversification of liquidity sources. Obtaining mechanisms that strengthen the Company's capital and liquidity structure (SEPI) and capital increase carried out in 2023.	Alliances with partners to carry out certain projects. Diversification of activities focused on decarbonisation. Leverage based on proprietary technologies. Strengthening of the legal team and involvement in the various phases of project implementation. Providing support to clients in finding sources of financing for project implementation, including bank financing covered by export credit insurance provided by Export Credit Agencies (ECAs). Flexibility and responsiveness to adapt to local requirements and changes in project scheduling.	Occupational Health and Safety Management System in accordance with ISO 45001 certification	Comprehensive compliance with current local, national and international law and international environmental and sustainability standards.

	FINANCIAL ENVIRONMENT	OPERATING ENVIRONMENT	HEALTH AND SAFETY REQUIREMENTS	ENVIRONMENTAL REQUIREMENTS
HOW IS TR PREPARED?		Adaptation of its commercial and operational structures to optimise the likelihood of being awarded contracts and immediately starting project implementation. Risk control system with predictive analytics for key execution decisions. Reorganisation of the Project Control area to simplify its structure and facilitate the provision of services to the Company's projects. Prioritise the purchase of local materials and equipment to reduce emissions from upstream transport and distribution, labour to strengthen local social action. Implementation of the circular economy strategy: use of natural resources, and the reduction and reuse of waste.		

	FINANCIAL ENVIRONMENT	OPERATING ENVIRONMENT	HEALTH AND SAFETY REQUIREMENTS	ENVIRONMENTAL REQUIREMENTS
		Reinforce the Delay Analysis area to strengthen claims in the Company's projects. Simplification of reporting by the Project Economic Management area to streamline the execution of its tasks. Reducing construction risk through service projects and partnerships with other companies. Growth plan in strategic country offices, where the Company believes that it can gain commercial, financial, operational or strategic advantages. Formal establishment of the track business area, specialising in energy transition activities.		

	FINANCIAL ENVIRONMENT	OPERATING ENVIRONMENT	HEALTH AND SAFETY REQUIREMENTS	ENVIRONMENTAL REQUIREMENTS
HOW IS TR PREPARED?		Opening or relaunching of commercial offices in countries with high investment prospects such as the United States or Kazakhstan. Develop intense commercial analysis and tender activity on the opportunities that are most relevant for TR in the super investment cycle. Achieve a high number of contracts awarded in general and, in particular, in the area of the energy transition. Influence commercial activity as regards the energy transition in the European Union, the Middle East and North America.		

	FINANCIAL ENVIRONMENT	OPERATING ENVIRONMENT	HEALTH AND SAFETY REQUIREMENTS	ENVIRONMENTAL REQUIREMENTS
HOW IS TR PREPARED?		Expand alliances with construction companies and technologists that enable the Company to continue offering its customers cutting-edge solutions in the context of the energy transition that allow them to implement their sustainability and decarbonisation policies. Use of mobile technologies, robotisation of processes, cloud applications and artificial intelligence technologies. Collaboration with universities and other training centres for the development of future professionals. Development of new technologies in the field of energy storage and purification of basic materials in the industry.		

	FINANCIAL ENVIRONMENT	OPERATING ENVIRONMENT	HEALTH AND SAFETY REQUIREMENTS	ENVIRONMENTAL REQUIREMENTS

	SUPPLY CHAIN AND OUTSOURCING	INNOVATION AND NEW TECHNOLOGIES	GOVERNANCE AND SUSTAINABILITY	HUMAN RESOURCES
TRENDS	Growing geopolitical uncertainty. Volatility of commodities and currencies. Selection of competitive construction and assembly companies. Protectionism of companies towards local practices. Lawsuits brought by suppliers and subcontractors. Risk of return of difficulties in the global supply chain. Reduced financial strength of subcontractors.	Decarbonisation plans for the main economic sectors (energy, steel, cement, etc.) Growing importance of low-carbon technologies (e.g. green and blue hydrogen and its derivatives, biofuels, carbon capture). Strong interest shown by the financial sector in investing in decarbonisation opportunities. Implementation of tax incentives in the United States and public funds in Europe to finance decarbonisation investments. Importance of digitisation and the use of new technologies to increase efficiency, ensure swifter client responses and reduce costs, among other reasons.	Quantitative and qualitative increase in disclosure of information relating to sustainability due to Directive 2022/2464 (CSRD). Development and updating of European Taxonomy regulations. Increased compliance requirements, including anti-corruption, anti-fraud, anti-money laundering and countering of terrorist financing. Impact on diversity in the management bodies of the companies. Increase in the relevance of issues related to stakeholders. Increased activity of corporate governance bodies and the need to strengthen internal control and risk management	Difficulty worldwide in attracting and retaining talent due to an increasingly more complex labour market as a result of the need for qualified profiles in almost all sectors. Digitalisation requirements. Increasingly high demand for maintaining criteria on flexible work hours and work/family balance. The need to have highly technically qualified resources with strong management skills, client orientation capacity and results.

	SUPPLY CHAIN AND OUTSOURCING	INNOVATION AND NEW TECHNOLOGIES	GOVERNANCE AND SUSTAINABILITY	HUMAN RESOURCES
	Tightening of global measures restricting the movement of labour. Increased energy and industrial production process costs. Focus on raw materials and especially on certain critical or strategic raw materials for relevant industries in the energy sector. Emission reductions in the nitric acid plant regulations for greenhouse gases (NOx, N_2O). Improved recovery of effluents with high nitrate content in ammonium nitrate plants in order to minimise soil contamination risks. Establishing lines of collaboration with clients, partners, suppliers and subcontractors.	Sustainability, environmental legislation and the circular economy as new business opportunities for developing technologies related to waste management.	systems, including criminal risks. Greater shareholder engagement at the Company's general meetings, particularly in matters related to sustainability and emissions control. Increased relevance of sustainability issues for significant stakeholders. Special consideration of sustainability in decision-making. Supervision of the implementation of the Criminal Compliance Management System by the Audit and Control Committee.	

	SUPPLY CHAIN AND OUTSOURCING	INNOVATION AND NEW TECHNOLOGIES	GOVERNANCE AND SUSTAINABILITY	HUMAN RESOURCES
TRENDS	Use of by-products derived from energy transition technologies such as hydrogen-derived green ammonia and ammonia by-products such as nitric nitrate. Growing client requirements due to the emergence of the 'digital twin' concept and its implicit data standardisation.			

	SUPPLY CHAIN AND OUTSOURCING	INNOVATION AND NEW TECHNOLOGIES	GOVERNANCE AND SUSTAINABILITY	HUMAN RESOURCES
	Strengthening synergies report with greater focus on the supplier's financial situation. Maximising the use of insurance to minimise commodity price volatility. Expanding and updating of the Company's worldwide database of subcontractors, and further analysis of their financial capacity and the risks associated with this capacity.	In-house developments in all areas of work and in relation to the energy transition (e.g. green and blue hydrogen, CO_2 capture and recovery, the circular economy and critical raw materials). Strategy in the field of digitisation to strengthen competitiveness, adapt to customer demands and optimise processes. Specialists in the management of R&D and know-how in the	Creation of a multidisciplinary European Taxonomy Committee that reports to the Sustainability area, which classifies all the Company's activities in accordance with the regulations. Implementation of the Company's Sustainability Policy and deepening of the principles of responsible action. Implementation of the Sustainability Plan and monitoring the various specific and coordinated actions between the different areas. Reviewing the Policies and	Specific training for managers geared towards managing new ways of working in organisations. Development of work-life balance measures. Search for ideal profiles for the tasks entrusted, with a special emphasis on technical profiles. Signing of agreements with various universities and training centres to identify and attract young talent.

	SUPPLY CHAIN AND OUTSOURCING	INNOVATION AND NEW TECHNOLOGIES	GOVERNANCE AND SUSTAINABILITY	HUMAN RESOURCES
HOW IS TR PREPARED?	Conducting technical and physical analyses to ensure subcontractors' abilities to perform construction works. Analysis of subcontractor cash flow in new contracts awarded. Models of subcontracts and contracts with lower risk derived from the increase in the costs of production processes. Establishment of consortiums and strategic partnerships with engineering and construction companies in the sector. In-house developments in all areas of work and in relation to the energy transition (e.g. green hydrogen, CO_2 capture and recovery, Circular Economy and Critical Raw Materials).	development areas. Offering optimal technical solutions for the development of efficient industrial plants that allow customers to execute their sustainability and emission control and reduction strategies. Strengthening of the José Lladó Technology Centre, with specialised capabilities and resources in strategic lines of research. Opening of a product hub, an environment for testing and demonstration pilot equipment/prototypes mainly related to the production of H_2 and decarbonisation. Ad hoc agreements with suppliers of catalysts to implement treatments for minimising greenhouse gases in nitric acid plants. In-depth analysis of projects to plan their management throughout the	procedures that make up the Criminal Compliance Management System. Development of new policies and commitments such as the Human Rights Policy. Consolidation of the role of Board committees, mainly with regard to sustainability. Continuous development and adaptation of internal documents aligned with best practices of corporate governance. Supervision by the corporate governance bodies of tax and information security risks. Reinforcing communication channels with key stakeholders. Reporting and verification of sustainability information in accordance with the highest standards.	

	SUPPLY CHAIN AND OUTSOURCING	INNOVATION AND NEW TECHNOLOGIES	GOVERNANCE AND SUSTAINABILITY	HUMAN RESOURCES
	Strategy in the field of digitisation to strengthen competitiveness, adapt to client demands and optimise processes. Specialists in the management of R&D and know-how in the development areas. Offering optimal technical solutions for the development of efficient industrial plants that allow customers to execute their sustainability and emission control and reduction strategies. Strengthening of the José Lladó Technology Centre, with specialised capabilities and resources in strategic lines of research. Case-by-case contracts with suppliers of catalysts to implement treatments for minimising greenhouse gases in nitric acid plants.	implementation period. Introduction of virtual reality into the design and execution of the projects for management throughout the execution period. Continuous technological and economic intelligence surveillance in strategic development areas with a focus on detecting new business opportunities. Participation in the development of decarbonisation projects for green ammonia activities by using ESPINDESA's proprietary technologies for green ammonia derivatives (nitric acid, ammonia nitrate, ammonium-calcium nitrate and nitrosulphate). Agreements with electrolyser and ammonia technologists to complete the production chain with proprietary nitric and nitrate ammonia-derived technologies, while	Consolidation of the Sustainability area. Ongoing adaptation to the Regulatory Compliance Management System and the prevention of criminal risks, and supervision by the Audit and Control Committee. Approval of new policies of the Corporate Governance System. Approval of new criminal compliance policies. Inclusion of parameters linked to sustainability in the variable remuneration of the executive director. Review of the regulatory compliance culture of third parties, especially as regards the fight against corruption and fraud. Third-party diagnosis of the suitability of the existing Criminal Compliance	

	SUPPLY CHAIN AND OUTSOURCING	INNOVATION AND NEW TECHNOLOGIES	GOVERNANCE AND SUSTAINABILITY	HUMAN RESOURCES
HOW IS TR PREPARED?	In-depth analysis of projects to plan their management throughout the implementation period. Introduction of virtual, augmented and mixed reality into the design and execution of the projects for management throughout the execution period. Continuous technological and economic intelligence surveillance in strategic development areas with a focus on detecting new business opportunities. Participation by Técnicas Reunidas in developing projects related to green ammonia or its derivatives that contribute to the decarbonisation of these activities worldwide, while promoting the subsidiary ESPINDESA's proprietary technologies for green ammonia derivatives, such as nitric acid, ammonia nitrate, ammonium-calcium nitrate and nitrosulphate. These projects were in the conceptual design phase in 2023.	maintaining an active presence in the industrial ammonia plant business.	Management System with proposals for improvements where appropriate, especially in the area of corruption and fraud prevention.	

	SUPPLY CHAIN AND OUTSOURCING	INNOVATION AND NEW TECHNOLOGIES	GOVERNANCE AND SUSTAINABILITY	HUMAN RESOURCES
HOW IS TR PREPARED?	Technological agreements with electrolyser and ammonia technologists to complete the production chain with proprietary nitric and nitrate ammonia-derived technologies.			

	SUPPLY CHAIN AND OUTSOURCING	INNOVATION AND NEW TECHNOLOGIES	GOVERNANCE AND SUSTAINABILITY	HUMAN RESOURCES

15.1.6. Objectives and strategy

Técnicas Reunidas' strategy is structured around four pillars: methodology, diversification, quality and safety.

a. Methodology:

The methodology is based on the development, systemisation and proper use of all the know-how that TR has acquired since 1960 executing projects around the world. This commitment to the methodology makes it possible to improve the efficiency of the work processes, an aspect that TR has been including in recent years. In this pillar, both the Company's excellent human capital, made up of highly qualified professionals, and the innovation and digitalisation of work methodologies are essential. These aspects are part of TR's DNA, which allow it to have the necessary technical solutions and human capital to provide its customers with high added value services that enable them to meet their sustainability objectives, in particular those related to reducing the emissions.

b. Diversification:

TR diversifies its customer bases, services and geographical areas, contributing to sustainable growth and an effective energy transition. In turn, the Company has a portfolio of customers of recognised prestige that contribute to consolidating its presence in the market and their business is highly recurring.

c. Quality:

TR's emphasis on the quality of all its processes (which requires selecting the right suppliers and subcontractors) guarantees the execution of every project in accordance with customer's needs and requirements, especially with regard to sustainability aspects.

d. Safety:

TR promotes a specific corporate culture in occupational health and safety, introducing training programmes for staff and encouraging their participation in prevention efforts and improving working conditions, promoting shared responsibility at various levels of the organisation.

The Company establishes annual objectives for each department and integrates them into the Company's strategy while adapting them to the specific needs of the areas, so that the objectives have an individualised approach that makes it easier to trace and compare them. The objectives established by Técnicas Reunidas for each area are detailed below.

General Secretariat objectives - Sustainability - Non-financial information	- Approve and implement the 2024-2026 Sustainability Plan, in particular those actions to be carried out in the short term. - Approve a due diligence procedure and, in relation to this procedure, review the Sustainability Policy from a corporate governance perspective of the Human Rights Policy. - Approve an Information and Intangible Asset Protection Policy, which includes, among other matters, trade secrets, cybersecurity and artificial intelligence. - Push forward the approval of the draft Corporate Governance and Group Definition Policy. - Review and update the Policy on Information, Communication, Contact and Engagement with Shareholders, Institutional Investors, Proxy Advisers and Other Shareholders. - Review and update the Director Selection and Diversity Policy for the Board. - Maintain a high percentage of votes in favour of the items on the agenda of the 2024 General Meeting. - Develop the actions necessary to implement the CSRD Directive. - Implement a general sustainability tool at TR. - Optimise the Company’s risk mitigation programme through insurance policies. - Streamline the structure of Spanish and foreign subsidiaries.
Objectives for H R	- Cover staffing needs to respond to the corporate growth strategy and the high workload for 2024 and beyond. - Sustainably integrate new hires, both in Spain and abroad, adapting corporate policies and the different management, training and development tools to the needs of operational growth and local realities. - Improve the digitisation of the department’s processes. - Consolidate control, reporting and process integration systems at all of the TR Group’s subsidiaries. - Have attractive ongoing training plans that continue to improve the professional qualifications of our workforce. - Continue to make progress in having attractive and inclusive internal communication. - Maintain international internship programmes for talent recruitment and training at international subsidiaries. - Maintain a good working environment and high standards of commitment between the Company and all its employees. - Have equality plans in place at all TR companies that have been negotiated with employee representatives. - Adapt available spaces to resource requirements by making better use of available resources.
Environmental Objectives	- Improve the energy efficiency of central office buildings in Spain. - Implement new measures following the Company’s ESG risk diagnosis. - Implement the action plan to reduce emissions. - Continue to optimise the implementation of the Integrated Management System for ISO 14001 certification. - Continue to develop a circular economy strategy within the framework of the company's Sustainability Policy.
Energy Transition Objectives	- Develop Técnicas Reunidas' proposal for energy transition, taking advantage of the opportunities offered by decarbonisation and the growth of investment in low-emission technologies.

	- Take advantage of Técnicas Reunidas' industrial presence to structure projects in decarbonisation technologies: hydrogen value chain, bioproducts, carbon and methane capture. - Diversify Técnicas Reunidas’ services towards other industries (cement, steel, etc.) and strengthen its implementation in the energy transition in certain markets (United States and Europe). - Configure new services and business models for the decarbonisation of production chains, such as carbon management and methane management. - Move forward and increase the number of research projects in the field of energy transition and submit projects for funding in the tenders for PERTE, Horizon, Innovation Funds, etc. - Position Técnicas Reunidas as a benchmark company in the field of energy transition and increase the external and internal visibility of its capabilities in this area.
Objectives of R&D	- Continue with the development of the Swiss Zinc project for the future municipal waste recycling complex in Switzerland that will include the ZINCEX™ and ECOLEAD™ technologies for the recovery of Zn and Pb by contracting the technological package that includes basic engineering, the licensing of the technologies and the supply of proprietary equipment. - Continue with the development of technologies in the circular economy strategic line (solid municipal waste, electronic components, plastics, industrial effluents, etc.) to obtain and/or recover critical raw materials essential for the energy transition, such as lithium, cobalt, rare earths, etc.; development of green hydrogen production technologies using AEM (Anionic Exchange Menbrane), SOEC (Solid Oxide Electrolyzer Cell), PCEC (Protonic Ceramic Electrolysis Cell) and alkaline electrolysers and CO_2 capture and recovery technologies. - Consolidate the development of projects related to green ammonia and its derivatives with a project at a more advanced stage than the conceptual project and understanding ammonia plants as 'Green', based on the electrolysis of water with green energies instead of those based on the reforming of natural gas. - Continue to develop technologies for obtaining and recovering critical raw materials essential for the energy transition such as lithium, cobalt, rare earths, etc. - Development of products associated with the decarbonization of combustion equipment. - Strengthen digital innovation lines by creating workshops to identify challenges and solutions, as well as working in an ecosystem to co-innovate and seek synergies. - Creation of a data and artificial intelligence area to work with the business areas and put the operating model into practice. - Development of the methane monitoring platform in a strategic partnership with Google. - Develop a PC MAKER purchasing terms management tool. - Develop and implement a unique risk management tool, uRisk. - Completion of development and implementation in projects of the CostApp cost control tool. - Implement digital twins with large customers and projects. - Implement the task control system, Taski. - Develop and implement the MTRApp tool for digital twins. - Develop and implement the TRBrunch tool for managing activities in subsidiaries.

Financial Objectives	- Follow up on the previous agreement reached with the tax authorities. - Maintain active participation in the Large Taxpayers Forum. - Continue negotiating bilateral and syndicated guarantee lines for the Company's new businesses. - Reinforce proactive communication with the market. - Monitor the process of implementing the Company's efficiency plan. - Continue to seek investors and financial products linked to the energy transition and sustainability. - Continue to seek mechanisms to strengthen the Company's lines of credit. - Actively manage interest rate hedges on the Company's debt and exchange rates and commodities. - Obtain UNE 19602 certification in tax compliance management. - Strengthen the relationship with the private insurance market in the search for surety instruments. - Strengthen the role of multilateral institutions, export credit agencies and other mechanisms in the Company's financial activities. - Strengthen tax compliance, monitor the new rules and their impact on the tax credit recovery plan. - Strengthen the solvency analyses of the shareholders, suppliers and subcontractors with which TR has relationships. - Closely monitor the Company's cash flow for optimisation to ensure a healthy liquidity position. - Ongoing review of solvency and credit ratios to strengthen the Group's balance sheet structure. - Monitor compliance with the obligations assumed in the contracts with the Fund for Supporting the Solvency of Strategic Companies (SEPI).
Procurement Objectives	- Implement new actions linked to the Procurement area within the framework of the Sustainability Plan, such as the classification of strategic suppliers in terms of sustainability. - Consolidate the growth and optimisation of local entities and continue development in offices in Turkey, the US, the Middle East and India. - Consolidate multi-project teams and strengthen them by supplementing them with employees working in disciplines within the area. - Optimise and update the electronic archiving of project procurement information, integrating accessibility, cybersecurity and confidentiality requirements. - Continue to strengthen cybersecurity through specific training and refresher courses for procurement personnel on cybersecurity. - Start the process of categorising the supply chain in terms of cybersecurity and privacy through the e-Supplier tool. - Launch cybersecurity training campaigns for users of strategic suppliers, thus strengthening cybersecurity in the supply chain. - Develop the methodology for the close-out of metal structure supplies. - Continue developing the PCO (close-out application) to achieve greater integration at both the area and Company level (with other areas). - Asses the Group's needs regarding prefabrication workshops. - Create a new department in the Growth and Development area focused on understanding and detecting the needs of the area's resources, and detecting and coordinating the training actions to meet these needs, process control, indicators and tools. - Study the standardisation of participation in virtual shop tours and the active participation of staff in remote inspections as part of training activities.

	- Put into production and generate new application developments with AI-driven predictive models to improve decision-making and efficiency in various processes. - Establish a procedure for dividing responsibilities between Post-Order and Material Manager. - Consolidate and generalise use among other suppliers of the digitisation tool for the new piping material certificate management system. - Implement a strategy to consolidate the new version of the IMA mobility app, allowing it to be expanded on different Android and iOS platforms and devices, which ensures greater accessibility to a wide range of inspectors, thus improving the mobility experience and interaction with our digital corporate solutions. - Put into production applications with AI-driven predictive models and use data lake information. - Assess the efficient disclosure formula for procedures and new instructions (online courses) to improve and ensure staff training and development at both central offices and subsidiaries. - Follow up with local offices on local content sourcing requirements. - Develop collaborative efforts with key suppliers for the joint development of digitisation and artificial intelligence initiatives. - Issue terms and conditions for contracting engineering services.
Construction Objectives	- Continue to seek efficiency and optimisation of processes through digitisation and robotic automation. - Explore new framework agreements and partnerships with subcontractors. - Continue to establish collaboration agreements with large groups of construction companies. - Enhance the ESAM tool to improve communication with subcontractors and certification processes. - Improve the systems for transferring materials to subcontractors and implement tools that allow RPAs to be used in these processes.
Health and Safety Objectives	- Continue to fulfil the objectives set out in the Sustainability Policy in relation to safety on site. - Continue to promote the health and safety culture plan, including campaigns to raise awareness among employees. - Give greater visibility to good occupational health and safety practices on construction sites within the company and promote the TR brand to the outside world, including optimisation of the on-site HSE auditing process. - Provide project managers training on the legal liabilities associated with health and safety during the construction phase. - Implement the new IT tool for recording health and safety observations during the construction phase in new projects. - Implement a new KPI on inspections between the HSE area and the Inspection area in the construction phase that consists of having TR's HSE team conduct inspections of the site together with the supervision of other disciplines (civil, piping, etc.). - Establish and develop a comprehensive ToolBox Talks (TBT) digital library accessible to all TR personnel, both in offices and on site. This platform will provide a centralised space to improve efficiency and uniformity in these TBT, and to share relevant technical documentation, which will contribute to improving the quality of work in the working environment.

	- Maintain accident rates below the targets set. - Study and contract an Employee Assistance Programme in relation to psychosocial risk assistance. - Complete the implementation of HEYMO within the Group's Joint Prevention Service. - Continue to optimise the implementation of the Integrated Management System for ISO 45001 certification. - Integrate Heymo's Prevention Service in the TR Group's Joint Prevention Service. - Implement a psychological support programme for employees.
Regulatory Compliance Unit Objectives	- Maintain the UNE19601 Criminal Compliance Management Systems Certification. - Update the Corporate Code of Conduct based on best practices in the organisation's sector of activity, especially with regard to human rights. - Continue with the deployment of the regulatory compliance function in those geographical areas that, due to their volume, continued business or new business, require it. - Deploy the Third-Party Integrity Assessment Policy at the local level.
Social Objectives	- The Company has maintained a high level of local purchasing and subcontracting, thus promoting local consumption and the local economy, which is also the result of TR's commitment to sustainability. - Continue to contribute to the economic and social development of local communities by getting them involved in the projects carried out by the Company. - Strengthen dialogue with stakeholders for the purpose of understanding all the concerns of the Company's stakeholders, in particular those affected by its projects. The Project Sustainability Area was created to show our proximity and interest. - Train and increase the hiring of local personnel in those regions where the Company is carrying out projects. As a result of TR's commitment to the local community, it hires qualified local staff so as to integrate all TR employees into the local community where it operates. - Promote human rights training. In 2023 Técnicas Reunidas approved its Human Rights Policy, which reflects its commitment to the well-being of all people in all areas where it operates. The Company has also provided its employees with this Human Rights Policy and has carried out various training activities on these basic aspects.
Commercial Objectives	- Develop intense commercial analysis and tender activity on the opportunities that are most relevant for TR in the super investment cycle. - Achieve a high number of contracts awarded in general and, in particular, in the area of the energy transition. - Influence commercial activity as regards the energy transition in the European Union, the Middle East and North America. - Expand alliances with construction companies and technologists that enable the Company to continue offering its customers cutting-edge solutions in the context of the energy transition that allow them to implement their sustainability and decarbonisation policies.

15.2. Risk factors (non-financial) associated with the business

Técnicas Reunidas has the necessary tools and procedures to help it identify, prevent, minimise and manage the risks associated with its activity. In this regard, the Company has a comprehensive methodological risk management framework covering all areas and projects in which it is involved.

Using this comprehensive framework, TR prepares a catalogue of the key risks identified in accordance with the COSO 2013 methodology.

To manage these risks, the Company has developed various procedures and management policies, including the following:

- Procedures related to the nature of the projects, such as their selection, geopolitical risk diversification policies and policies to preserve the technical capacity necessary to execute the projects, and to share the risks in their execution with third parties, contracting insurance, ways of contracting quality suppliers, etc.
- Procedures related to the financial management of projects: management of foreign currency risk, liquidity and tax risks.
- Procedures related to Health and Safety Management Systems.
- Procedures related to the Criminal Compliance Management System.

The Company's main operating risks are listed below, including non-financial areas such as environment, health and safety, cybersecurity, human rights, personnel, integrity and reputation. The main operating risks and the management mechanisms available to TR are set out below.

Risk	Description	Main risk management and mitigation mechanisms
Changes in project costs.	Several factors may give rise to a change in project cost estimates in turnkey projects (the complete price is closed at the start while execution costs may change), such as the volatility of raw material prices, changes in project scope, performance by construction and assembly subcontractors on time and with required quality, litigation by clients or suppliers, geopolitical decisions with an immediate impact or weather conditions, among others. The assessment of all these factors implies a high level of judgement and estimates. Failure to comply with delivery deadlines may result in having to pay compensation to clients.	- Development of new contracting methods to mitigate risks. - Inclusion of indemnity clauses in contracts with suppliers and subcontractors. - Intense acquisition during the first few months of execution of key equipment with a high level of price sensitivity for raw materials. - Use of derivatives that allow the acquisition of certain essential raw materials and equipment in instalments. - Distribution of execution of work among several subcontractors from an early stage of the project. - Inclusion of contingencies for deviations in budgets. - Reliance on opinions of external consultants in the preparation of estimates and judgements. - Close monitoring of project execution deadlines to detect delays, which allow acceleration and penalty risk mitigation mechanisms to be implemented. - Design of cost control strategy with the Procurement area and negotiation of commodities by price and availability to avoid impacts on projects. - Establishment of subcontracting strategies and constructive sequences adapted to cost rather than term.
Changes in the price of oil and gas.	The price of crude oil and gas, in addition to other factors, affects the investment, award and execution decisions of the Group's clients and suppliers, competitors and shareholders. In 2023, changes in the price of oil contributed to the reactivation of part of TR's activities.	- Predominance in the portfolio of customers that are state-owned companies compared to private companies, includes other factors beyond purely financial considerations in their decision-making, such as geopolitical and social criteria. - Diversification of products, services and geographical areas. - Mitigation of negotiation risks with clients and suppliers by the early detection of those matters that may represent a change in the contractual price. - Consortia working schemes and others to minimise construction risk.

Risk	Description	Main risk management and mitigation mechanisms
Execution of projects in multiple geographical areas.	TR's projects are developed in multiple geographies, each of which presents a different risk profile to mitigate: political and social tensions, locations with limited access, limited legal certainty, local content requirements, potential double taxation due to execution from several jurisdictions simultaneously, increasing tax burden in all geographies where the Group operates, or complexity of the margin allocation process in projects developed simultaneously in multiple geographies, etc. Performance of projects for the first time in a certain geographical area increases the risk of deviations in margins.	- Project selection based on a detailed analysis of the client and country (establishing a local presence prior to bidding), and other aspects such as project-specific margins and risks. - Analysis of the tax implications of the projects, with the advice of reputable top-level firms, and monitoring of the regulations and VAT position of the projects. - Use of modular construction methods in locations with limited labour availability or where the site conditions allow for savings compared with other options. - Where possible, TR includes the resolution of disputes at courts or in arbitration in countries where it has prior experience. - Where possible, the Group's contracts include clauses that allow prices to be changed in the event of amendments to laws. - Flexibility to adapt ourselves to domestic content requirements. - Development of BEPS policies. - The Internal Group Tax Risk Manual that establishes the Group's tax strategy and internal tax risk management procedures, which includes training actions and internal investigation plans. - In the bidding phase, tax strategies are determined that minimise risk with local advisors, including in the Group's usual markets. - In the execution phase, the tax assessments submitted are monitored, with the support of local advisors, and events or deviations from the initial strategies are identified with the aim of correcting them with the support of the Operations area. - Framework of seconding policies at TR Group level, which regulate the seconding conditions that will apply to those who move to new projects that will be performed in the future outside Spain.
Concentration of projects in a low number of customers.	At certain times the portfolio may feature a high concentration in a low number of clients and suppliers in certain countries.	- Concentration only in markets in which the Group has sufficient prior experience. - Diversification policy that allows TR to access different markets. - Deployment of relevant commercial initiatives with customers in markets in which TR does not yet have a presence. - Commercial initiatives to find new customers.

Risk	Description	Main risk management and mitigation mechanisms
Environmental and safety requirements.	TR carries out projects where incorrect performance entails high risks of impact on the environment or health and safety risks. The Company works to control and minimise those risks by collaborating with its clients, subcontractors and suppliers in this area.	- The existence of a Sustainability Policy and Plan and the implementation of measures consistent with it. - Quality, Health, Safety and Environment Policy that introduces concepts of sustainability, consultation and engagement, and well-being and health. - Implementation and continuous improvement of an Integrated Environmental and Occupational Health and Safety Management System in accordance with ISO 14001 and 45001 certification. - Assurance that risks (health, safety, environmental and sustainability) are identified from the bid preparation phase for analysis and the development of appropriate mechanisms during the engineering and construction phase of the projects to ensure that reduction and mitigation measures are implemented. - Extension of this assurance to suppliers and subcontractors through audits and training. - Reinforcement of safety and environmental matters in processes from the project design phase. - Promotion of occupational safety at suppliers and subcontractors.
Economic variables.	Certain economic circumstances (changes in exchange rates, interest rates, availability of financing, taxes, etc.) can have an impact on TR's business and profits. Period of geopolitical tensions with high impact on economic variables (high levels of inflation). Worsening growth outlook in 2023 in almost all areas, mainly in advanced economies and persistent inflationary pressures. Greater emphasis in the decisions of TR's customers on the entities or organisations that finance their investments.	- Continuous monitoring of the risks associated with currencies and the arrangement of foreign currency hedges. - Management of a solid balance sheet and availability of adequate financing lines, including those supporting strategic companies managed by SEPI. - Mitigation of the risk of lack of liquidity of clients through active involvement in their financing processes, through banks that support the transactions in which TR participates, as well as through the use of export insurance through banks that support the transactions in which TR participates, and direct contact with the institutions financing its clients, as well as through the use of export insurance. - Growth plan in offices in different specific geographical regions, which makes it possible to control the impact of inflation and not become less competitive. - Continuous monitoring by TR's tax advisors of changes in corporate income tax in the different jurisdictions where it operates.

Risk	Description	Main risk management and mitigation mechanisms
	Financial institutions have increased their perception of risk in the sector in recent years, and they are now more conservative in their support for it. In addition, in general, the application of tighter global monetary policies has led to tighter financial conditions in emerging economies. Potential corporate income tax changes in the countries where the Company carries out its projects could lead to delays in the DTA recovery plan.	
Information technology.	With the Group's increased digitalisation and remote working, the risk of intrusion into its systems by cybercriminals has increased (increase in the perimeter of attacks, cyber threats and cyber-attacks).	- Information Security Management System certified in accordance with ISO 27001:2013. - Information Security Policy and Privacy Policy, oriented to the Zero Trust model and aligned with international standards such as NIST, CIS, National Security Scheme and ISO27001:2013. - Employee training on cybersecurity matters. - An Information Security Committee has been created to analyse the development of the Strategic Cybersecurity Plan, the results of the audits and the main risks faced and measures taken. - Incorporation of a second layer of email filtering for the prevention of CEO fraud, spam emails ('phishing').
Attraction and retention of key personnel and adaptation of resources to the workload.	The loss of key personnel, and gaps in their training, may increase the risk of not executing projects adequately. Furthermore, the excessive concentration of projects or delays may give rise to inefficiencies in personnel management. The Company is faced with the reduced availability of qualified personnel in the market given the increased demand for these profiles worldwide.	- Implementation of a flexible human resource structure to adapt swiftly to market changes. - Global management of human resources to unify the criteria applied at the various subsidiaries. - Strategic, global and diversified workforce growth plan in the different geographical areas in which the Company operates. - Competitive remuneration measures. - Workplace flexibility measures. - Working environment survey to find out employees' interests. -

Risk	Description	Main risk management and mitigation mechanisms
		- Identification of key employees to establish policies that favour their well-being and encourage them to stay at the Company.
Integrity and reputation.	Improper or irresponsible behaviour by employees or other third parties with which the Group collaborates (suppliers, subcontractors and partners) may negatively affect the reputation of and results obtained by TR.	- Internal regulations and training to ensure proper behaviour of the workforce and the availability of a Code of Conduct, Criminal Compliance Policies and Procedures and an Internal Reporting System. - Accreditation of UNE19601 certification in Criminal Compliance Management Systems. - Requirement for suppliers, subcontractors and partners to comply with environmental, human rights, health and safety, anti-corruption and anti-fraud requirements, all of which are included in the Supply Chain Code of Ethics.
Suppliers and subcontractors	Tensions between countries limit access to suppliers of goods and services and subcontractors. Increased risk of non-compliance and abandonment of projects due to the implications of the pandemic and the Russia-Ukraine on the construction sector. Increased activity in the market and the multitude of projects under way worldwide have led to a shortage of personnel for the execution of the projects in almost all locations, and increased competition to fill the technical positions necessary for the execution of the projects.	- Expanded lists of suppliers and subcontractors that meet client requirements. - Supplier and subcontractor assessment processes including ESG criteria, and improved financial and HSE evaluation criteria. - Implementation of payment plans with subcontractors to minimise impacts on projects due to non-payment and reinforcement of collaboration with subcontractors in order to establish plans in accordance with the payment possibilities of the projects. - Establishment of strategies for retaining staff on site. - Increase in the number of subcontractors involved in the work to have access to more employees. - Establishment of global collaboration agreements with construction companies. - Atomisation and diversification strategies for construction with local and international suppliers.
Quality of execution.	Quality in the execution of the works ensures not only the successful completion of the project, but also obtaining projects of a similar nature or with the same client.	- Quality supervision mechanisms in all project phases. - Creation of databases recording the Group's know-how and best practices. - Quality procedures are drawn up by all the departments concerned, minimising the possibility of lack of knowledge, and reviewed by the Knowledge Management Department.

Risk	Description	Main risk management and mitigation mechanisms
		- TR has renewed, for 25 years without interruption, the certification of its Quality Management System in accordance with standard ISO 9001.
Climate Change.	Climate change requirements can impact clients' needs and the way in which TR implements its projects. In addition, one of the most relevant risks in relation to the environment is compliance with the European Union's plan for full decarbonisation by 2050.	- The Company has excellent technical engineering capabilities to provide customers with solutions that enable them to carry out their sustainability activities and emission reduction initiatives. - The Company has advanced technical procedures that enable it to execute projects in extreme head and cold.
Corporate governance and sustainability.	The Company's comprehensive regulatory requirements and voluntary commitments in these areas require TR to have the structure and means necessary to respond to them.	- The Company has implemented additional sustainability actions that, under the responsibility of the Secretariat of the Board, provide a specific response to these growing requirements. The Sustainability area also encompasses a specific division for Project Sustainability that allows the TR Group's sustainability actions to be implemented in a coordinated manner in all its projects. - Accordingly, the Secretariat of the Board has been adapted to respond to the new corporate governance requirements, which includes drawing up the CSRD report or the expected approval of the Corporate Sustainability Due Diligence Directive. - In 2023 the Company approved a Human Rights Policy, which unifies the references on this matter already included in other corporate documents such as the Sustainability Policy or the Code of Conduct. This Human Rights Policy responds to the expectations of stakeholders and contains specific commitments and rules of action in relevant areas such as the rejection of forced or compulsory labour and child labour, the prohibition of slavery, respect for diversity and non-discrimination, or just and favourable working conditions.

Risk	Description	Main risk management and mitigation mechanisms
		- In 2023, the Company also worked on developing other corporate policies, which are expected to be approved in the first half of 2024. In particular, these policies include (i) a Trade Secrets and Confidentiality Policy that establishes the general framework for action at the level of the Company and its Group to guarantee the confidentiality and subsequent protection of its information and know-how with business value, particularly that which may constitute trade secrets; and (ii) a Corporate Governance and Group Definition Policy, with the aim of establishing the principles, criteria and guidelines that should govern the organisation and operation of the governing bodies of Técnicas Reunidas, as well as those that should serve as the basis for defining the structure of its Group, all based on applying compliance with the good governance recommendations generally recognised in international markets, adapted to the particular characteristics of Técnicas Reunidas and its Group; and (iii) an Information and Intangible Asset Protection Policy, which includes, among other matters, trade secrets, cybersecurity and artificial intelligence.
New energy scenario.	The energy transition is a new reality to which both TR's clients and the Company itself must adapt themselves so as to meet the decarbonisation budgets and deadlines to which their countries have committed.	- The Company has set up a unit specifically dedicated to strengthening Técnicas Reunidas' capabilities in the decarbonisation of the economy. - Técnicas Reunidas has a financing framework for the purpose of financing its commitment to decarbonisation and the energy transition.

In addition to the operational risks mentioned above, TR evaluates other potential non-financial contingencies of minor impact to the Company with the aim of always ensuring the maximum performance levels in terms of sustainability. The details of the procedures applied by the Company to manage these risks may be found in each of the related chapters of this document.

This scenario has only reinforced TR's commitment to sustainability as a key element of its future business development. Against this backdrop, the Company approved the Group's Sustainability Policy in 2020 and the Sustainability Plan in 2021, which is in line with the principles of the Policy and the implementation of the initial actions set out in the Policy. In 2023 it continued to implement the actions envisaged in the Sustainability Plan. These advances represent a milestone in TR's relationship with its main stakeholders, as well as a manifestation of the Company's commitment in this area.

The implementation of this Sustainability Policy and its Development Plan has achieved greater coordination of the Company's activity in the area of sustainability (addressing key issues such as the environment, innovation, development and protection of intellectual capital, labour matters, compliance and responsible taxation), and the establishment of a reference framework containing the Company's principles of conduct with respect to its stakeholders.

It is worth highlighting the Company's commitment to criminal compliance, a fact that has been corroborated by the achievement of the UNE 19601 certification 'Criminal Compliance Management System' granted by AENOR, an entity accredited by the Spanish National Accreditation Agency (ENAC) to audit this standard.

It should be noted that throughout 2023, the Company continued to lay the foundations for the System of Internal Control Over Financial Reporting in various ways, including in particular its analysis at the meetings of the corporate bodies responsible for this matter and the consolidation of the assignment of this competence to the Board. Similarly, the Company has consolidated the integration of ESG criteria into internal decision-making processes in multiple areas and procedures. In 2023 the Company completed an in-depth ESG risk identification and assessment exercise, which will serve as a basis for the next double materiality assessment.

As proof of the Company's good sustainability performance, Técnicas Reunidas obtained a score of 56/100 (corresponding to the 96th percentile[1], as the average score for the sector is 24/100) in its participation in the S&P Global Corporate Sustainability Assessment (CSA), placing it among the companies with the best ESG performance in the industry. The CSA is an annual assessment of corporate sustainability practices that focuses on industry-specific and financially meaningful criteria. More than 10,000 companies worldwide are rated using this assessment.

Finally, it should be noted that Técnicas Reunidas has not identified any additional significant impacts in the year for the rest of the non-financial issues.

15.3. Information on environmental matters

15.3.1. Corporate environmental policy and management systems applied for the identification and management of impacts on the Company in this area

Environmental management is a priority integrated into the Company's strategy, responding to both its own operations and the activities of its value chain, establishing environmental requirements for its facilities and projects, and based on the corporate policy in this area.

In recent years, TR has progressively adapted its Environmental Management System to legislative requirements and stakeholder demands. This system is implemented and certified in accordance with ISO 14001:2015. The excellent results of this audit demonstrate the maturity of the Management System and the Company's commitment to applying the best available practices in environmental matters.

TR develops products, systems and services with the aim of obtaining energy that is more affordable and reliable and that meets current environmental requirements. All the Company's projects are conditioned by increasingly stringent environmental requirements, which must comply with, among others, climate change initiatives focused

[1] TR ranks in the 97th percentile overall, 96th percentile in Governance, 95th percentile in Environmental and 97th percentile in Social.

on reducing CO_2 emissions and improving the waste management system, focusing on waste reduction from a circular economy perspective. The Company has therefore implemented methodologies that ensure the monitoring and verification of environmental information in all its projects.

Furthermore, in coordination with its commitment to the fight against climate change and in line with European and Spanish environmental regulations, in 2023 the Company continued to implement the actions envisaged in the Environmental Sustainability Plan so as to help protect the environment and combat climate change by developing technical solutions that allow the construction of sustainable and efficient plants for customers, and compliance with the Company's Quality, Health, Safety and Environment Policy. It should be noted that the Company underwent a carbon footprint audit in 2023, where it achieved AENOR certification in accordance with the GHG Protocol.

In this context, the Company is also subject to the Spanish Climate Change and Energy Transition Act 7/2021, of 20 May [*Ley de cambio climático y transición energética*] under which Spain is seeking to achieve neutrality in greenhouse gas emissions by 2050. In addition, the proposal for a Directive of the European Parliament and Council on corporate sustainability due diligence and amending Directive (EU) 2019/1937 is expected to be approved and enter into force and be transposed, which will strengthen the processes in place in companies. This directive requires companies to establish processes to identify, prevent and remedy adverse human rights and environmental impacts that may be caused by the company itself, its subsidiaries and entities in its supply chain.

In line with its sustainability strategy and commitment to contribute to the fulfilment of the United Nations Sustainable Development Goals (SDGs), in 2021 Técnicas Reunidas joined the Spanish Group for Green Growth (GECV) with the aim of promoting public-private collaboration to overcome environmental challenges and promote a sustainable, circular and efficient economy. In this way, the Company contributes to the generation and dissemination of the knowledge necessary for sustainable development and the creation of favourable conditions to achieve a low-carbon economy. In 2023, it participated in various campaigns related to climate change and the energy transition and in several working groups.

One of the Company's strengths is the systematic identification, supervision and monitoring of environmental risks and opportunities, implementing specific mitigation measures when appropriate, both in projects and in offices.

Key environmental risks include those related to climate change (see section 15.3.2 - Climate Change) in certain geographical areas where the projects are carried out, and those arising from changes in design limits or applicable law during project development.

There are also great environmental opportunities for Técnicas Reunidas, such as a competitive advantage due to the high degree of knowledge of applicable laws and standards, which gives the Company great flexibility when developing projects anywhere in the world, and waste management within the framework of the circular economy.

The impact of TR's activities on the environment arises mainly from minimising greenhouse gas emissions, energy consumption, waste generation and material consumption. The impacts are detailed in each of the following sections. In the coming years, the material environmental aspects are expected to remain the same. However, given the Company's activities and the different stages of the projects carried out, the main quantitative KPIs fluctuate considerably and the annual comparison is sometimes distorted and subject to the degree of progress.

The environmental KPIs are subject to the degree of progress of the projects under way, the volume of personnel at peak times, the execution phase and the new projects that may be awarded during each year. Given these circumstances, future estimates associated with environmental KPIs do not represent a reliable view of the Company’s actual situation.

Throughout 2023, TR focused its efforts on monitoring and analysing the information in detail so as to broaden and improve the scope of its activities. It should therefore be recalled that in 2020, TR standardised the perimeter of calculation of the statistics on the different environmental indicators, which are now calculated per million euros of revenue, and included it in the reporting framework of the Company's financial information. In 2021 it also established 2019 as the base year for setting environmental targets.

Within the scope of the Sustainability Policy, the strategy developed has been implemented since 2022, which aims to create value in a sustainable manner and provide high added value services that enable the Company to design and build efficient, sustainable and environmentally friendly industrial plants. The aim is for them to contribute to combating climate change and the transition to a low-carbon economy, taking advantage of the business opportunities derived from their high technological qualifications and demonstrating its commitment to the Sustainable Development Goals (SDGs).

Specifically, the Environment area contributes to the following SDGs:

- **SDG 7: Affordable and clean energy**: related to the diversification work being developed, as well as the search for new business opportunities related to energy transition, clean energy and new technologies.

- **SDG 9: Industry, innovation and infrastructure**: explanation linked to the above objective.

- **SDG 13: Climate action**: calculation and action plan on Técnicas Reunidas emissions to contribute to decarbonisation.

15.3.2. Climate Change

The main sources of greenhouse gases associated with TR’s activity correspond to the consumption of fuel by the Company’s vehicle fleet and its facilities and offices (Scope 1), electricity consumption in these same facilities (Scope 2) and emissions from business trips by employees (Scope 3).

The changes in the quantification of emissions between 2022 and 2023 were as follows:

- **Scope 1**: these emissions have decreased by around 10% compared to 2022, as TR continued with lower fuel consumption due to, among other factors, the slowdown or completion of some projects.
- **Scope 2**: there was a 53% increase compared to 2022 due to the opening of new subsidiaries abroad whose electricity consumption has no guarantee of origin certificate. Since 2019, all Técnicas Reunidas offices in Spain have been consuming energy exclusively from 100% renewable sources (with certified guarantee of origin). This renewable energy consumption represents 51% of the total electricity consumed, as a result of which the Company managed to prevent more than 709 tonnes of CO_2 equivalent in 2023.

- **Scope 3**: there was a 70% reduction compared to 2022, due to the decrease in the number of business trips during the year, compatible with strong commercial work translated into a high number of contracts awarded.

Emissions generated*	2022	2023
Scope 1 emissions (tCO_2eq)	30,536.96	26,466.39
Scope 2 emissions (tCO_2eq) caused **	1,022.49	2,668.39
Scope 2 emissions (tCO_2eq) renewable origin avoided ***	1,098.72	709.17
Scope 3 emissions (tCO_2eq)	36,171.94	10,728.94
TOTAL	**57,731.39**	**39,863.94**

**An estimate was made of the emissions associated with the last quarter of the year. For scopes 1 and 3, the estimate consisted of projecting the months of October to December based on the average emissions of the first 9 months. However, for Scope 2, since electricity consumption is mainly in offices and depends to a large extent on the time of year, the last quarter was estimated on the basis of the consumption recorded from October to December of the previous year. Furthermore, the sources used for the calculation of emissions were: Scope 1 (IPCC 2006), Scope 2 (Source: IEA (2023) Emission Factors) and Scope 3 (UK Government GHG Conversion Factors for Company Reporting, 2022).*

*** This relates to the final Scope 2 emissions after discounting the emissions avoided by electricity supply with a certificate of origin.*

**** Emissions avoided by the supply electricity from renewable sources. They do not count in the totals.*

Within the framework of the Sustainability Plan, Técnicas Reunidas assumed various environmental objectives, including the implementation of measures to promote energy efficiency and reduce its carbon emissions, the development of projects related to the energy transition and the establishment of circular economy plans on site and in offices.

To meet these objectives, the Company is continuously working on the design and development of initiatives, which most notably included the following in 2023:

- In terms of energy efficiency, the lighting was changed, installing LED bulbs to save energy, and solar panels have also begun to be installed in the office buildings in Madrid, with Gorbea being the first installation to be carried out.

- In addition, the Company continues to promote and implement the use of digital platforms for the collection, storage and management of information in engineering and construction processes, thus minimising the use of paper. Employees continue to be allowed to work remotely two days a week, allowing for fuel savings and therefore less pollution.

- Within the framework of the Sustainable Mobility Plan, the Company has continued to maintain the shuttle schedules available to employees that connect its offices with the city of Madrid and to improve access to them through a mobile application. The aim is to encourage the use of collective transport over individual transport, adopting all the necessary safety and hygiene measures.

In addition, the Company's emissions reduction targets were validated by the SBTi (Science Based Target initiative). Approval by this entity means recognition of the measures being implemented by the Group and its sustainability performance since the SBTi especially appreciated the technical capacity and strategy of Técnicas Reunidas to help its customers in developing their own decarbonisation activities and capabilities.

To keep all its objectives and strategies in line, the Company continuously monitors all issues related to climate change.

TR is keenly aware of the potential impact that climate change may have on its business, and it has developed a climate risk and opportunity matrix together with the relevant adaptation plan, transparently reporting its climate change performance through participation in initiatives such as the Carbon Disclosure Project (CDP) in which TR has participated for several years. In 2023, the Company improved its rating by obtaining an 'A' in the Climate Change category. This was the highest score in the industry and places TR among the leading companies worldwide in terms of climate change. TR scores positively on 8 of the 11 factors analysed: strategy, scenario planning and analysis, emissions reduction initiatives, products with low-carbon impact, energy, governance, risk management, scopes 1, 2 and 3, emissions reduction, and participation in the value chain.

As regards governance, TR has assigned the Board, through the Audit and Control Committee, the task of supervising its sustainability matters, including climate issues.

The Secretariat of the Board of Técnicas Reunidas is responsible for coordinating the activities of the Board of Directors and other areas of the Company in matters of sustainability. This facilitates and streamlines the implementation of resolutions on climate issues, which is TR's main governance mechanism in relation to climate change.

TR identifies the main climate change risks affecting the Company. Against this backdrop, the Company is mainly exposed to transitional risks, in particular those dependent on increasingly demanding regulatory development that could have an impact on various customers and entail reputational risk at the corporate level. In fact, in the Company's ESG risk diagnosis that was completed in 2023, the most relevant risk was compliance with the European Union's plan for full decarbonisation by 2050. Another risk that must be taken into account is the introduction of new taxes that may lead to higher energy prices.

Physical climate risks include the geographical location of certain projects that are executed in areas with extreme temperatures (e.g., the Middle East or Canada), thus changing working conditions. In addition, the increase in extreme weather events, such as rising sea levels, torrential rains or water stress in some regions, may have an impact on the projects.

On the other hand, in the area of climate change opportunities, TR is well positioned, thanks to its leadership on climate change, the diversification of its activities, especially in fields related to the energy transition, and its adaptation to new trends, which go beyond legal issues. This enables the Company to benefit from the opportunities that will arise from increased regulatory pressure on environmental issues, as it has the technology and solutions to help its customers meet these growing environmental demands.

This diversification of activities focuses on working with the customer to improve the environmental performance of their facilities and, therefore, reduce their greenhouse gas emissions.

A noteworthy milestone in 2023 is the participation of the track strategy in multiple conceptual development projects, basic and detailed engineering in the energy transition (low-carbon technology such as blue and green hydrogen, ammonia, carbon capture, biofuels, and other circular economy projects), both in Europe and in the rest of the world. In total, 14 of these projects have been carried out.

Regarding climate scenarios, the Company takes into account those designed by leading organisations such as the International Energy Agency (IEA), the World Energy Outlook and BP Energy Outlook. In all scenarios, the structure of demand changes, with fossil fuels becoming less important in 2050, while renewable energies gain a greater share. All the projected scenarios call for a drop in oil demand due to increased efficiency and the electrification of transport, while gas consumption will benefit from increased demand until the 2030s. On the other hand, wind and solar energy are leading the rapid growth of renewable energies and hydrogen use will increase starting in the 2030s.

Based on these scenarios, Técnicas Reunidas has defined its short-, medium- and long-term horizons, the objective of which is to adapt to the challenges posed by climate change, to meet the needs of its customers and maintain its technical advantage, a key factor for competing successfully in the future:

- **Short term (0-2 years):** the Company will continue with its current strategy in the planning and construction of industrial plants, taking advantage of its technological leadership and the context of growing climate sensitivity to help its customers produce cleaner energy more efficiently, reducing the carbon footprint in the projects in which it participates and adapting to current law.
- **Medium term (2-6 years)**: this time horizon will include the progressive adaptation of the Company's current strategies, adapting them to the new regulatory requirements, which are expected to be more restrictive in relation to the reduction of emissions and the objective of decarbonisation. The Company will also advise its customers on the need to produce clean energy, offering the best available solution in each case.
- **Long term (6-30 years)**: current strategies will be combined with the implementation of new ones to maximise the use of climate opportunities and minimise the Company's exposure to the different risks derived from climate change. To this end, TR bases the development of its future scenarios on the three reference organisations mentioned above. In this regard, TR will increase its efforts and technical capacity to provide solutions that match the needs of its clients in each of the three scenarios, seeking to anticipate the confirmation of the scenario as far in advance as possible so that the appropriate operational, technical and financial measures can be taken.

A more comprehensive climate scenario analysis is planned for the near future which, considering the best available climate scenarios (including at least one aligned with the objective of limiting the global temperature increase to 1.5°C), will allow TR to obtain greater detail in its estimate of the financial impacts of the risks and opportunities related to climate change.

15.3.2.1. Information relating to EU Taxonomy

a) Introduction

The Taxonomy Regulation[2] (Regulation 2020/852) is a key component of the European Commission's action plan to redirect capital flows toward a more sustainable economy and represents a fundamental step toward achieving the EU's stated goal of achieving GHG neutrality by 2050.

The Taxonomy Regulation also envisages the creation of a classification system for environmentally sustainable economic activities throughout the EU. It therefore creates a common language that companies, investors and policy makers can use to identify projects and economic activities with a positive and substantial impact on the climate and the environment, based on the recommendations of experts and scientists. The taxonomy also introduces reporting obligations for companies and financial market participants.[3]

A first step in shaping this classification system ('European Taxonomy') was the enactment of Delegated Regulation 2021/2139,[4] which sets out the economic activities eligible under climate change mitigation and adaptation objectives, as well as the criteria for determining whether those activities are aligned with the Taxonomy. After that, a Supplementary Delegated Act to the Climate Taxonomy on climate change mitigation and adaptation was published, covering a number of activities related to gas and nuclear energy.[5]

Following the publication of those technical criteria, Delegated Regulation 2021/2178 was enacted, which describes the quantitative and qualitative information relating to the EU Taxonomy to be disclosed by the different types of companies, including companies subject to the obligation to publish non-financial information statements (NFI), in accordance with Articles 19(a) and 29(a) of Directive 2013/34.

Therefore, Técnicas Reunidas, in response to Article 8 of Regulation 2020/852, reports in this section of its statement of non-financial information the proportion of eligible, aligned and non-eligible activities according to the taxonomy in terms of its turnover (billing), its investments in fixed assets (CapEx) and its operating expenses (OpEx). These indicators have been obtained at a consolidated level, i.e. at the Técnicas Reunidas Group level.

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[2] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

[3] Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

[4] Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

[5] Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

In 2023 new amendments were made to the regulatory framework of the taxonomy. First, Commission Delegated Regulation (EU) 2023/2485 entered into force on 27 June this year[6], which expands the number of activities with the potential to contribute substantially to climate change mitigation and adaptation objectives, and also adds and amends some of the technical screening criteria for certain activities already defined in Delegated Regulation 2021/2139, in relation to those climate objectives.

In addition, Delegated Regulation (EU) 2023/2486 was published on 27 June[7], which establishes a series of new activities and technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems.

The **eligible economic activities** of a company according to the taxonomy are defined as those that comply with the description set out in the regulation, which includes activities that substantially contribute to one or more environmental objectives, regardless of whether the activity complies with any of the technical criteria established in the regulation.

Taxonomy-aligned economic activities are those eligible activities that meet the technical screening criteria set out in the regulation (Delegated Regulation 2021/2139 and Delegated Regulation 2022/1214) and the minimum safeguards, in accordance with Article 3 of the Taxonomy Regulation:

- Meets the criteria of substantial contribution to one or more environmental objectives.
- Does no significant harm to any of the environmental objectives.
- Is carried out in compliance with the minimum safeguards.

Finally, **taxonomy non-eligible economic activities** refer to any economic activity that is not described in the delegated acts supplementing the Taxonomy Regulation.[8].

In the **report for 2022**, non-financial companies (which includes Tecnicas Reunidas) only had to disclose their KPIs considering the **eligibility** and **alignment** of its taxonomy activities based on that established in Delegated Regulation 2021/2139 and Delegated Regulation 2022/1214.

However, in **the report for 2023**, the Company must also disclose its analysis of **eligibility** in relation to the new activities included in Delegated Regulation 2023/2485 and Delegated Regulation 2023/4286, in accordance with the reporting guidance set out in the regulations.

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[6] Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139 establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation and for determining whether those activities cause no significant harm to any of the other environmental objectives.

[7] Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

[8] Given the complexity of this classification system, the EU taxonomy is in progress; the regulations on the technical criteria for climate change mitigation and adaptation objectives have currently been published. However, the remaining four objectives covered by the taxonomy are in draft form. Furthermore, it should be noted that, in its current configuration, the taxonomy does not consider all economic activities.

b) The activity of Técnicas Reunidas

The Técnicas Reunidas Group engages in the provision of all manner of value-added engineering and construction services for industrial plants for the production of clean fuels, natural gas and chemical products, while also offering its customers a wide range of solutions linked to the energy transition, the circular economy and decarbonisation (renewable hydrogen, biofuels, waste recovery, CO_2 sequestration and capture, etc.). Therefore, and according to the taxonomy, a relevant part of the Company's technical capabilities have the potential to contribute substantially to climate change mitigation, and are therefore categorised as eligible. Accordingly, TR is developing a set of energy transition projects whose impact on the taxonomy KPIs of turnover, OpEx and CapEx will be gradually reflected in the coming years, as their presence in the Company's portfolio becomes more significant in percentage terms.

1. Eligibility

To identify eligible activities, an exhaustive analysis of each of the Group's project types was first carried out as the basis for identifying the activities carried out by TR that could be linked to the taxonomy. After this, and to confirm the eligibility of each of the activities identified as 'presumably eligible', these were cross-checked against the definitions in Delegated Regulation 2021/2139 and Delegated Regulation (EU) 2022/1214. Thus, as a conclusion of this analysis, the following table lists the eligible activities for the climate change mitigation objective.

Table 1. TR's economic activities analysed in accordance with the environmental taxonomy

Economic activity in accordance with the Taxonomy	Description of the activity	Eligibility	Alignment
CCM 1.1 Afforestation	Projects to plant trees on land where no vegetation was initially found, which may include tasks such as the provision of detailed design and landscaping, tree transfer and seed planting, excavation, fertilisation, filling and complete irrigation system.	✓	×
CCM 3.2 Manufacture of equipment for the production and use of hydrogen	Projects for designing facilities for green H_2 production, developed by the Energy Transition area[9]	✓	×
CCM 3.6 Manufacture of other low carbon technologies	Projects for designing facilities that produce fertilisers and other compounds from green ammonia, developed for the Energy Transition area [1010]	✓	×
CCM 4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids	Projects for the construction of biofuel (biomethanol) production plants, developed by the Energy Transition area.	✓	✓

[9] Técnicas Reunidas designs and assembles green H_2 production facilities, however, it does not manufacture the equipment and its activity, insofar as the Company designs and assembles the equipment, is essential for performing eligible activity 3.2. For this reason, and also considering the FAQs documents published by the European Commission on Taxonomy regulation, this activity is considered eligible.

[10] See footnote above, ammonia production requires the production of green hydrogen.

Economic activity in accordance with the Taxonomy	Description of the activity	Eligibility	Alignment
CCM 4.25 Production of heat/cool using waste heat	Construction and assembly projects for shell and tube heat exchangers, waste heat recovery boilers, air coolers and cooling towers	✓	✓
CCM 4.29 Electricity generation from fossil gaseous fuels	Projects for the construction or operation of electricity generation facilities from fossil gaseous fuels (natural gas)	✓	✗
CCM 5.3. Construction, extension and operation of waste water collection and treatment	Projects for the construction of networks of oily effluent collection collectors and associated treatment plants	✓	✓
CCM 5.11. Transport of CO_2	Projects for pipelines designed to transport CO_2 for subsequent underground injection	✓	✗
CCM 6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	Modular maritime transport activities	✓	✗
CCM 7.1. Construction of new buildings	Building construction projects	✓	✗
CCM 7.2 Renovation of existing buildings	Building renovation projects	✓	✗
CCM 9.1 Close to market research, development and innovation	Implementation of applied research projects in the area of Energy Transition.	✓	✗

Legend

✓	Eligible or aligned (according to column)
✓	Partially eligible or aligned (according to column)
✗	Not eligible or not aligned (according to column)

Second, the activities listed in Delegated Regulations 2023/2485 and 2023/2486 were also analysed. After performing this analysis, the following activities were considered to be **eligible** for the transition to a circular economy:

Table 2. TR's economic activities analysed in accordance with the environmental taxonomy (new objectives: Circular economy)

Economic activity in accordance with the Taxonomy	Description of the activity	Eligibility
CE 2.4. Treatment of hazardous waste	Projects to recover gases that normally go to the flaring, thanks to which chemical products are extracted that are then reintroduced into the customer's production process, without being used as fuel.	✓
CE 4.1. Provision of IT/TO data-driven solutions	TR has several automation systems in place along with a corrosion monitoring system. This system has preventative and predictive maintenance features to make appropriate maintenance decisions, since it prevents possible failures early on, and raises the possibility of implementing adjustment and degradation control measures. Therefore, the useful life of the equipment is extended further by reducing this rate of degradation. This monitoring system is combined with other systems that provide essential data for the proper functioning of the equipment, for example, systems that detect abnormal values and efficiency losses in the processes, thus detecting possible malfunctions of the equipment and enabling the necessary measures to be taken to address these malfunctions.	✓

It should be noted that the eligibility analysis did not show that TR carried out any taxonomy activities in 2023 that were related to the objectives of protecting water and marine resources, pollution prevention and control, or the protection and restoration of biodiversity and ecosystems that could be attributed to TR's business activities.

In relation to the climate change adaptation objective, no specific measures aimed at increasing the resilience of the projects undertaken by the Group in view of the physical effects of climate change were identified in 2023. Therefore, no activity is reported as eligible as regards the climate change adaptation objective.

2. Alignment

Based on the eligible economic activities indicated above, in a second step TR conducted a detailed analysis to assess compliance with the technical screening criteria relating to the climate change mitigation objective, as set out in Delegated Regulation 2021/2139 and Delegated Regulation 2022/1214, in terms of substantial contribution to one or more environmental objectives and causing no significant harm to any of the other environmental objectives, as well as compliance with the minimum safeguards.

The actions taken in each case are detailed below.

i. Criteria for substantial contribution to climate change mitigation

The first criterion requires that the economic activity **makes a substantial contribution to one or more of the environmental objectives**. To make this determination, each activity[11] and its technical characteristics were analysed to

[11] Only those projects in which Técnicas Reunidas exercises effective control over the project are analysed for compliance with the technical criteria.

determine whether it meets the criteria for substantial contribution to climate change mitigation specified in Delegated Regulation 2021/2139 and Delegated Regulation 2022/1214.

These substantial contribution criteria were assessed for each of the eligible activities listed in the table above (see the ‘Eligibility’ section). Following this assessment, TR performed the calculations and gathered the information necessary to demonstrate the substantial contribution of the taxonomy activities for CCM 4.13 ‘Manufacture of biogas and biofuels for use in transport and of bioliquids’ and CCM 4.25 ‘Production of heat/cool using waste heat’[12]and, in certain cases, CCM 5.3. ‘Construction, extension and operation of wastewater collection and treatment’. The main methodological considerations of this assessment are presented below:

- 4.13 'Manufacture of biogas and biofuels for use in transport and of bioliquids': the evaluated project (BIONER-COFUSA, Uruguay) uses agricultural or forestry biomass that complies with the criteria set by Directive (EU) 2018/2001. Also, the type of biomass used (wood chips) and the proximity to timber areas guarantees not exceeding the limit of 65% GHG emission reduction, based on Directive (EU) 2018/2001, as well as its Annex V.
- 5.3. 'Construction, extension and operation of wastewater collection and treatment': the substantial contribution criteria established by the Taxonomy have been re-expressed in terms of COD (Chemical Oxygen Demand), as this pollutant is the most characteristic one in the effluents of most of the facilities in which TR carries out its activity. In this way, the net energy consumption limits established by the Taxonomy (re-expressed in terms of COD) were contrasted with the energy consumption recorded in the eligible treatment plants.

Furthermore, in relation to activity 4.29. ‘Electricity generation from fossil gaseous fuels’, the substantial contribution criteria required by the Taxonomy were assessed, concluding that none of the projects meet the established criteria.

For the remaining activities of the Taxonomy for the climate change mitigation objective (with codes: 3.2., 5.11., 6.10., 7.1., 7.2. and 9.1.), although it is likely that either part or even, in certain cases, all these activities may provide a substantial contribution, it was decided to choose not to carry out the assessment against the substantial contribution criteria of application due to a lack of availability of information to test this type of criteria. TR will continue to work in subsequent years to gather the necessary information and effectively assess compliance with the substantial contribution criteria for this group of eligible activities.

ii. Does no significant harm to any of the environmental objectives

The second criterion requires that the economic activity **does no significant harm to any of the other environmental objectives** (DNSH).

In this regard, TR carried out the following analysis of compliance with this set of criteria:

- First, TR demonstrated, across its operations as a whole, compliance with the DNSH criterion relating to adaptation to climate change. Compliance with this criterion at the corporate level implies compliance across all potentially taxonomy-aligned activities.
- For all economic activities where TR could demonstrate a substantial contribution to climate change mitigation, the compliance with the respective DNSH criteria in relation to the other four remaining environmental objectives was analysed in more detail.

[12] Activity 4.25 does not itself meet the criteria for substantial contribution (its criterion for substantial contribution coincides with the description of the activity).

The analysis for each of the two points above is set out below:

- **Compliance with DNSH criteria relating to climate change adaptation**

In 2023, TR assessed the physical climate risks in accordance with Appendix A of Annex I on Mitigation of the European Taxonomy to assess compliance with DNSH relating to climate change adaptation.

This assessment took into consideration the Group's eligible activities to determine the physical climate risks that may affect the performance of economic activity over their expected duration, including all of TR's assets (corporate offices and projects executed for third parties) in the different countries in which it has a direct presence.

The physical climate risks identified were assessed over three time horizons: short (2023-2040), medium (2041-2060) and long term (2081-2100), with the analysis incorporating two climate scenarios (RCP 4.5 and 8.5).

As a result of the analysis performed, it was determined that the risks associated with the hazards of cyclone, hurricane and typhoon, and those associated with heat stress, are material for Técnicas Reunidas in the projects executed for third parties. Furthermore, the results of the analysis determined that no identified risk would be material for the offices of Técnicas Reunidas.

TR has various measures that ensure the mitigation of the impacts arising from the potential risks identified, such as:

- All-risk policies for all its projects (construction and assembly) covering the potential damage to the facilities;
- Environmental and third-party liability policy for potential damage in the environment as a result of climate events;
- Reduced working hours in months of high temperatures;
- Health and Safety Management System extended to its suppliers and subcontractors.
- Compliance with DNSH criteria relating to the sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems.

For this group of DNSH criteria, TR studied the characteristics of the Taxonomy activities for which it has proven they substantially contribute to mitigating climate change:

- In relation to activity 4.13 'Manufacture of biogas and biofuels for use in transport and of bioliquids', the analysis took into account the fact that the project is at a preliminary stage, so the technological solutions on the basis of which to contrast the DNSH criteria with respect to the objectives of 'Sustainable use and protection of water and marine resources' and 'Pollution prevention and control' have not yet been developed and implemented. TR will work in the coming years to ensure compliance with these criteria in the development of this project, selecting the necessary systems for this purpose.
- In relation to activity 4.25 'Production of heat/cool using waste heat', all this equipment is dimensioned by TR using specific software, which guarantees the highest levels of quality and maximum efficiency of the system in terms of heat transmission. Therefore, TR complies in all cases with the DNSH criterion established for the case of 'Pollution prevention and control'.
- In relation to activity 5.3. 'Construction, extension and operation of wastewater collection and treatment,' TR assessed, where applicable, the waste water discharge parameters, ensuring lower levels of COD than those established by regulation.

In addition, TR conducted an EIA (Environmental Impact Assessment) of the facility in all its engineering projects, including those corresponding to the activities already analysed (codes: 4.13., 4.25. and 5.3.).

iii. Compliance with minimum safeguards

Finally, the third requirement involves demonstrating that the economic activity is conducted in compliance with the **minimum safeguards** (MS). The MS include all the procedures implemented in the company to ensure that its activities are carried out in accordance with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the principles and rights established in the eight fundamental conventions referred to in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights (Article 18 of Regulation 2020/852).

To assess compliance with the MS, and taking into consideration the Final Report on Minimum Safeguards, published by the European Commission in October 2022, Técnicas Reunidas analysed the four dimensions into which compliance with these minimum safeguards is divided (human rights, including labour rights; corruption and bribery; taxation and fair competition).

Técnicas Reunidas has a set of internal policies and procedures approved by the Board, which form part of its regulatory framework and establish the principles, directives and guidelines to be followed to ensure that the Group's activities comply with the highest standards of responsible conduct.

As a general framework, TR has a **Code of Corporate Conduct**, which shows the Company's commitment to the highest standards of ethical conduct, establishing the principles and values that the TR Group and all its professionals must observe at all times in the performance of their activities. This Code includes general principles relating to human rights, respect for free competition, rejection of child, forced or compulsory labour, prevention of money laundering and terrorist financing, among others. **Training** is also provided to ensure the upright behaviour of its professionals. The Company also has a Supply Chain Code of Ethics[13] through which it reinforces the integrity of the supply chain. Moreover, Técnicas Reunidas has been a signatory of the United Nations **Global Compact** since 2011.

In addition to these preventive measures, TR has a **corporate whistleblower channel**, in accordance with the strictest confidentiality standards and in compliance with the European Directive on whistleblower protection[14], through which employees, third parties or any other stakeholders may report potential breaches or irregularities committed within the Group or in its scope of action, or acts that may constitute breaches of the law and other internal regulations.

The specific measures available to TR by block of minimum safeguards are detailed below:

- **Human rights (including labour and consumer rights)[15].**

  In 2023, TR developed a **Human Rights Due Diligence Procedure**, with the aim of identifying and managing possible adverse impacts that may arise from its own activities and throughout its value chain.

  As a result of this procedure, TR identified the most important human rights issues to focus on: occupational health and safety; slavery; torture and inhuman treatment; child labour; freedom and equality (opportunity and treatment); discrimination; the right to choose and accept to marry and have a family; freedom of thought and religion; freedom of opinion and expression. It should be noted that for all the issues identified as relevant, TR has various mitigation mechanisms that ensure the prevention and mitigation of possible adverse impacts related to these issues.

[13] For more information, see section 15.7.3 Subcontracting and suppliers.

[14] For more information, see section 15.5. Information on respect for human rights.

[15] For more information, see section 15.5. Information on respect for human rights.

As a supplement to this Due Diligence procedure, TR developed a **Human Rights Policy**, approved in November 2023 by the Board of Directors, which includes the Group's commitment to respect human rights in the activities carried out by the Company and its subsidiaries in its value chain.

- **Fight against corruption and bribery**[16]

The Group has a **Criminal Compliance Management System** certified in accordance with **UNE 19601**, which is reinforced through various integrity policies. The Group also has an **Anti-Corruption Policy** and offers anti-corruption and anti-bribery training, mainly aimed at the management team and particularly exposed persons as a result of their key role in the Group's decision-making chain.

- **Responsible taxation**[17]

Since the Company operates in several countries, it is aware of its tax responsibility and the complexity of its operations and has an **Internal Tax Risk Manual** and a **Tax Model based on the BEPS criteria** (OECD regulation on taxation). Among other mechanisms, in the bidding phase, tax strategies are defined that minimise risk with local advisers, including in the Group's usual markets.

- **Fair competition**

To reinforce the Criminal Compliance Management System, and as a result of the development of the principles of the Code of Conduct, the Group has a **Competition Policy**, of mandatory global application, which sets out the guidelines in relation to compliance with the regulations on protecting and defending competition in markets. In addition, the topics considered in the Compliance training offered to Técnicas Reunidas' senior executives include those related to competition.

c) Taxonomy KPIs and accounting policy

The KPIs of turnover, CapEx and OpEx are considered in terms of eligibility and alignment, prepared and reported in accordance with the applicable regulations for 2023, indicating in each case the accounting policy applied.

1. Turnover

The key indicator referring to turnover is calculated as the proportion of revenue derived from taxonomy-aligned activities, and the proportion derived from eligible activities that do not meet the technical screening criteria (numerator) divided by the Company's total revenue (denominator). This revenue corresponds to revenue recognised in accordance with International Accounting Standard (IAS) 1, paragraph 82(a), as adopted by Commission Regulation (EC) No 1126/2008. The denominator of this KPI is provided in the Notes to the 2022 Financial Statements (note 22: 'Revenue and other operating income', see 'Total revenue').

[16] For more information, see section 15.6. Information related to the fight against corruption and bribery.

[17] For more information, see section 15.7.5 Tax information.

Furthermore, the numerator referring to revenue, first, the calculation of the revenue from eligible activities set out in Table 1 was calculated by analysing each of the Group's projects from which revenue was recognised in 2023. In doing so, an exhaustive breakdown of the different activities carried out in the projects was performed and those that meet the eligibility criteria established by the Taxonomy were identified. Projects were considered individually, as were their activities, thus avoiding any possible double counting of information.

Subsequently, the costs derived from each of the activities identified as eligible were extracted. These costs comprise both direct calculation costs, mainly linked to the costs associated with the purchase orders of equipment linked to the eligible activity, as well as the costs of subcontractors, who carry out the site work for the fine-tuning of the industrial processes linked to the eligible activity; and also passed-on costs, referring to costs of activities linked to the project as a whole which, although not specifically destined to a particular eligible activity, contribute to the development and execution of the eligible activities of the project within the framework of the work process as a whole. For these latter items, a different allocation criterion has been established, adjusted to the particularities of each of them.

Lastly, following the models for allocating revenue from projects in the Group's consolidated financial statements, the costs linked to eligible activities per project were multiplied by the degree of progress of the work in 2023 per project, obtaining the cost incurred in 2023 associated with eligible activities. In turn, this cost incurred per project was increased by the profitability (sales/cost) assigned to each project at year-end, thus obtaining the sales accrued in the year associated with eligible activities (the numerator used in the key indicator).

Next, the numerator relating to income from aligned activities (environmentally sustainable activities, categorised as 'A.1' in table 1) was determined. In this case, based on the breakdown of eligible activities in the projects, those that meet all the technical screening criteria and minimum safeguards and can therefore be considered aligned were identified. The calculation of revenues follows the same methodology as for eligible activities.

According to the calculations performed, the numerator of taxonomy-eligible but not environmentally sustainable activities (eligible activities that do not comply with the taxonomy, categorised as 'A.2' in table 1), is the result of the numerator relating to revenue derived from eligible activities minus the numerator of revenue associated with aligned activities.

Therefore, the following table presents the proportion of TR's turnover associated with taxonomy-aligned activities, and taxonomy-eligible but not taxonomy-aligned activities, following the template provided in Annex V of Delegated Regulation 2023/2486.

As a result of the calculations performed, 22.39% of the Group's turnover in 2023 is eligible, and 4.62% of the Group's turnover in 2023 is aligned. In addition, the proportion of eligible turnover in 2022, as reported in the previous year[18], was 10.51% (which means that in 2023 this KPI increased by 69% compared to 2022), and aligned turnover was 4.76% (which means that in 2023 this KPI decreased by 3% compared to 2022). The increase in the eligibility KPI is mainly due to the fact that the activity linked to the circular economy objective CE 4.1., which was not classified as eligible in 2022 but is in 2023[19], and the activity related to CCM 4.29 on electricity generation as a result of more production related to that activity,

[18] In 2022, information on eligibility and alignment was reported only with respect to Delegated Regulations 2021/2139 and 2022/1214.

[19] In accordance with Delegated Regulations 2023/2485 and 2023/2486.

were considered to be eligible.

Template: Proportion of turnover from products or services associated with taxonomy-aligned economic activities — disclosure covering 2023 (Regulation 2021/2178)

Financial year 2023	**Year**			**Substantial contribution criteria**						**DNSH criteria (‘Does Not Significantly Harm’)**									
Economic activities	**Code**	**Turnover (thousands of euros)**	**Proportion of turnover, 2023**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Minimum safeguards**	**Proportion of taxonomy aligned (A.1.) or eligible (A.2.) turnover, 2022**	**Category enabling activity**	**Category transitional activity**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13	21	0.00%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%		

Production of heat/cool using waste heat	CCM 4.25	151,107	3.65%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3.98%		
Construction, extension and operation of wastewater collection and treatment	CCM 5.3	39,897	0.96%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.78%		
Turnover of environmentally sustainable activities (Taxonomy-aligned)		**191,026**	**4.62%**	**4.62%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**4.76%**		
Of which: enabling		0	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
Of which: transitional		0	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		T
A.2. Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities)																			
Afforestation	CCM 1.1	7	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	2,346	0.06%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.03%		
Manufacture of other low carbon technologies	CCM 3.6	5,232	0.13%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		

Electricity generation from fossil gaseous fuels	CCM 4.29	462,408	11.18 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.94%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3	3,351	0.08%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.31%		
CO_2 transport	CCM 5.11	8,143	0.20%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.08%		
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	8,533	0.21%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.20%		
Construction of new buildings	**CCM 7.1** / CE 3.1.	25,937	0.63%	**EL**	N/EL	N/EL	N/EL	EL	N/EL								1.17%		
Renovation of existing buildings	**CCM 7.2** / CE 3.2	65	0.00%	**EL**	N/EL	N/EL	N/EL	EL	N/EL								0.00%		
Close to market research, development and innovation	CCM 9.1	2,925	0.07%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.02%		
Treatment of hazardous waste	CE 2.4	112	0.00%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								N/A		
Provision of IT/TO data-driven solutions	CE 4.1	215,581	5.21%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								N/A		
Turnover of taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities) (A.2)		**734,639**	**17.77 %**	**12.55 %**	**0.00 %**	**0.00 %**	**0.00 %**	**5.22 %**	**0.00 %**								5.74%		

A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**925,665**	**22.39 %**	**17.17 %**	**0.00 %**	**0.00 %**	**0.00 %**	**5.22 %**	**0.00 %**		10.51%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES												
Turnover of Taxonomy-non-eligible activities (B)		3,209,487	77.61 %									
TOTAL		**4,135,152**	**100%**									

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	4.62%	17.17%

CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	5.22%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

2. CapEx.

This indicator is obtained as the proportion of fixed assets invested in taxonomy-aligned economic activities and taxonomy-eligible economic activities that do not meet technical screening criteria (numerator) as regards the total assets acquired in 2023 (denominator).

That denominator (total CapEx) is obtained as the additions to tangible and intangible assets before depreciation, amortisation, revaluations and impairments excluding changes in fair value.

Total CapEx thus covers costs that are accounted for in accordance with:

a) IAS 16 Property, Plant and Equipment, paragraph 73 (e) (i) and (iii);
b) IAS 38 Intangible Assets, paragraph 118 (e), point (i);
c) IAS 40 Investment Property, paragraph 76, points (a) and (b) (for the fair value model);
d) IAS 40 Investment Property, paragraph 79 (d), points (i) and (ii) (for the cost model);
e) IAS 41 Agriculture, paragraphs 50 (b) and (e);
f) IFRS 16 Leases, paragraph 53, point (h).

In accordance with TR's consolidated financial statements, the total CapEx is included in Notes 6: 'Property, plant and equipment', 7: 'Intangible assets' and 8: 'Rights of use on leased assets' in the notes to the consolidated financial statements for 2023, in the row corresponding to 'increases'. In total, in 2023 these items amounted to EUR 17,898 thousand (kEUR), while in the previous year they amounted to EUR 14,174 thousand.

Técnicas Reunidas' business model, mainly based on providing its clients with engineering services, implies minimal CapEx additions compared to turnover or total expenses. Furthermore, the Group's assets linked to the projects mentioned in the section referring to the turnover KPI are not allocated to eligible activities (and therefore are also not Taxonomy-aligned activities), but are of a more corporate, interdepartmental or sector-specific nature not covered by the Taxonomy (for example, additions associated with long-term office leases, R&D activities not linked to reduction of GHG emissions or development of solutions for the aerospace industry). Therefore, it has been decided to take a conservative approach and not consider these items in the calculation of the numerator of the CapEx indicator. In addition, an exercise has been carried out to identify other CapEx items that could be eligible, such as those referring to energy efficiency and the installation of renewable energy systems in buildings, and no relevant CapEx additions have been found in this respect. All of the above implies that the proportion of Taxonomy-eligible CapEx is close to 0%; in turn, the proportion of Taxonomy-adjusted CapEx would also be 0%.

Template: Proportion of CapEx from products or services associated with taxonomy-aligned economic activities — disclosure covering 2023 (Regulation 2021/2178)[20]

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code	CapEx (euros, thousands, or millions)	Proportion of CapEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy aligned (A.1.) or eligible (A.2.) CapEx, 2022	Category enabling activity	Category transitional activity

[20] All the investments (CapEx) made by TR are either of a transversal nature (corporate) or specific to a sector not included in the Taxonomy. *Based on TR's business model, the CapEx of eligible activities is not considered significant for the Company (marked as '0*').*

A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0*	0%	0%	0%	0 %	0 %	0%	0 %	Y	Y	Y	Y	Y	Y	Y	0%			
Of which: enabling		0*	0%	0%	0%	0 %	0 %	0%	0 %	Y	Y	Y	Y	Y	Y	Y	0%	E		
Of which: transitional		0*	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		T	
A.2. Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities)																				
CapEx of taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities) (A.2)		0*	0%	0%	0%	0 %	0 %	0%	0 %								0.000 %			
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		0*	0%	0%	0%	0 %	0 %	0%	0 %								0.000 %			

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
CapEx of Taxonomy-non-eligible activities (B)		€ 29,746	100%
TOTAL		**€ 29,746**	**100%**

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0%	0.0%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.0%
PPC	0.0%	0.0%

BIO	0.0%	0.0%

3. OpEx.

This indicator is defined as the proportion of taxonomy-adjusted OpEx and the proportion of taxonomy-eligible OpEx that does not meet technical screening criteria (numerator) divided by total taxonomy OpEx (denominator).

This denominator reduces total operating expenses to non-capitalised direct costs that relate to research and development, building renovation measures, short-term leases, maintenance and repairs, as well as other direct expenses related to the day-to-day maintenance of tangible fixed assets by the company or a third party to whom activities are outsourced and that are necessary to ensure the continuous and efficient operation of these assets. The first numerator, on the other hand, includes the operating expenses included in the denominator that is allocated to eligible activities that meet the technical screening criteria set out in the regulations and the minimum safeguards. The second numerator, in turn, includes operating expenses included in the denominator for eligible activities that do not meet the technical screening criteria set out in the regulations.

In the case of TR, the non-capitalised direct costs covered by the EU Taxonomy, i.e. those included in the denominator, represented less than 5% of the Company's total operating expenses in 2023 (see Table 2). In 2022 they represented less than 5%. Therefore, their value is considered non-material and, in accordance with section 1.1.3.2 of Annex I of the Delegated Regulation 2021/2178, the numerator of the OpEx key indicator is reported as zero. Also, in compliance with this Delegated Regulation, the denominator of this indicator is shown in the following table.

Table 2 - Proportion of the Company's OpEx out of total OpEx under EU Taxonomy

	Total (kEUR)	Proportion of total OpEx (%)
Non-capitalised expenses[21]	3,027,563	
Non-capitalised expenses covered under the Taxonomy (indicator denominator)	68,882	**2.28%**

However, it is worth mentioning that Técnicas Reunidas is committed to corporate initiatives to reduce the Group's GHG emissions, which involve certain expenses not contemplated by the OpEx definition of the EU Taxonomy Regulation, such as the use of carbon footprint management or remote technical attendance tools to reduce the number of trips made by its employees.

Técnicas Reunidas constantly monitors the development of changes in Taxonomy regulations and carries out numerous activities that contribute to the development of sustainability policies, the fight against climate change and decarbonisation also in countries outside the European Union, where the customers that make up its main portfolio are located, in accordance with the best international practices in this area, improving the requirements

[21] *Non-capitalised expenses include procurement and other operating expenses (see Note 23 to the consolidated financial statements), employee benefits expenses (Note 24), and lease and royalty expenses.*

of local regulations and being pioneers through our activity in contributing to the energy transition and sustainable development.

Template: Proportion of OpEx from products or services associated with taxonomy-aligned economic activities — disclosure covering 2023 (Regulation 2021/2178)

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code	OpEx (millions of euros)	Proportion of OpEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy aligned (A.1.) or eligible (A.2.) OpEx, 2022	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			

A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	**-**	**-**	**-**	**-**	**-**	**-**	**-**	N/A		
Of which: enabling		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-	-	-	N/A	E	
Of which: transitional		N/A	N/A	N/A						-	-	-	-	-	-	-	N/A		T
A.2. Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities)																			
OpEx of taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities) (A.2)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A								N/A		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A								N/A		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			

OpEx of Taxonomy-non-eligible activities (B)		N/A	N/A
TOTAL		68, 882	**100%**

Template 1 Nuclear and fossil gas related activities (Delegated Regulation 2022/1214)

Row	**Nuclear energy related activities**	
1.	The company carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The company carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The company carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4.	The company carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5.	The company carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The company carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Template 2 Taxonomy-aligned economic activities (denominator) (Delegated Regulation 2022/1214)[22]

Row	Economic activities	Revenues (thousands of euros)					
		(CCM + CCA)		Climate change management		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	-	-
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in row 4 above in the denominator of the applicable KPI**	0	0%	0	0%	-	-
8.	**Total applicable KPI**	0	0%	0	0%	-	-

[22] *The following tables only report data on since the CapEx associated with natural gas activities is equal to zero, and the OpEx is immaterial for the Group.*

Template 3 Taxonomy-aligned economic activities (numerator) (Delegated Regulation 2022/1214)

Row	Economic activities	Revenues (thousands of euros)					
		(CCM + CCA)		Climate change management		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	-	-
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in row 4 above in the numerator of the applicable KPI**	0	0%	0	0%	-	-
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	0	0%	0	0%	-	-

Template 4. Taxonomy-eligible but not taxonomy-aligned economic activities (Delegated Regulation 2022/1214)

Row	Economic activities	Revenues (thousands of euros)					
		(CCM + CCA)		Climate change management		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	462,408	11.18%	462,408	11.18%	-	-
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in row 4 above in the denominator of the applicable KPI**	0	0%	0	0%	-	-
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	462,408	11.18%	462,408	11.18%	-	-

Template 5. Taxonomy non-eligible economic activities (Delegated Regulation 2022/1214)

Row	Economic activities	Revenues (thousands of euros)					
		(CCM + CCA)		Climate change management		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	-	-
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in row 4 above in the denominator of the applicable KPI**	0	0%	0	0%	-	-
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	0	0%	0	0%	-	-

15.3.3. Circular economy and waste prevention and management

This year Técnicas Reunidas once again implemented an environmental strategy based on circular economy principles to minimise the potential impacts of its activities.

Within the framework of the Sustainability Policy and Plan, the Company has developed a circular economy strategy for both offices and projects that establish the main lines of action and include the actions carried out, and new objectives in this area.

As regards the initiatives carried out at the offices, the Group encourages awareness-raising campaigns aimed at the entire workforce and carries out waste segregation, and recycles various materials and water:

During the year, the following actions in particular stand out:

- TR has continued its collaboration with the SEUR Foundation and the collection of plastic caps for the social cause ‘Caps for a new life’. In 2023, 750 kg of plastic caps were collected, which represents 1.125 t of CO_2 equivalent avoided.
- Bottled water is supplied by AUARA, which supplies 100% recycled plastic bottles and containers for recycling the packaging of its bottles, with a social purpose related to access to drinking water in the world. In 2023, 20,988 bottles were recycled, avoiding 636 kilos of waste.
- Caritas made containers available to the workforce on the premises of TR’s offices to collect clothes and shoes so that they can be given a second chance or recycled.

The Company also promotes the circular economy in its projects to avoid waste generation and reuse materials and to optimise the management of hazardous and non-hazardous waste. Through the systems in place, targets and goals are set regarding, among other aspects, waste reduction, compliance with good practices and the use of recycled materials.

For their management, TR takes actions such as promoting prevention, reusing and recycling rather than generation and dumping, along with waste mitigation and control through the integration of cutting-edge environmental design techniques in the processes at its plants and conducting awareness campaigns at its offices and work sites.

The Company has had an internal multidisciplinary group since 2022 to collect, classify and systematise all the activities that are or can be carried out in the implementation of circular economy projects.

The Company is currently committed to three main lines of work in this area: optimisation of consumption, use of recycled materials and correct management of waste to promote its conversion into raw materials. This has resulted in the following initiatives:

Reuse of waste and treated wastewater on site:

- Use of excavated soils and land for backfilling foundations and trenches, levelling of land or similar.
- Use of concrete demolition rubble for the improvement of roads used during the construction of the project.

- Use of wastewater after on-site treatment for irrigation required in construction, dust control of roads and paths, and irrigation of landscaped areas.
- Reuse of wood, metal and other materials to make information panels, handrails, pedestals, road barriers and other support elements.

Reuse of off-site waste:

- Sale to material management companies of reusable waste materials, such as cable drums, scrap metal, pallets, cable scrap and barrels that will go back into the supply chain.
- Selection or replacement of waste managers according to the final destination of the waste, promoting the search for managers that ensure the reuse and revaluation of waste.

TR’s project-related activities generate a variety of waste types, both hazardous and non-hazardous. The waste generated by the Company in 2023, which is included in the following table, increased by around 199% compared to 2022, mainly due to the increase in wastewater from cleaning of piping systems and hydrostatic tests as a result of the degree of progress of several projects.

Generation of waste*	Amount generated in 2022 (t)	Amount generated in 2023 (t)
Hazardous waste (including oils, filter materials and other categories)	2,490.98 **	53,566.07**
Non-hazardous waste (including wood, household equivalent waste and other categories)	16,645.17	3,607.14
TOTAL	**19,136.15**	**57,173.21**

** The waste associated with the last three months of the year was estimated. The estimate consisted of projecting the months of October to December based on the average waste from the first three quarters.*

*** 99% (53537.39 t) of hazardous waste relates to the management of water from the cleaning of piping systems and hydrostatic tests during the pre-commissioning of the facilities. The commissioning of different plants coincided in 2023.*

15.3.4. <u>Actions to combat food waste</u>

Aside from the waste from its operations, in recent years Técnicas Reunidas has implemented various measures to prevent food waste at subcontracted canteens, actively promoting its environmental commitments with responsible conduct at work sites.

Given that most of the projects executed by the Company are located at sites far away from urban centres, the majority of the measures are aimed at preventing waste and promoting the responsible use of food, including aspects relating to transportation, storage, handling, processing and consumption. The following preventive measures have been implemented in the management of these services:

- Planning purchases and calculating portions adapted to staff histograms, while also ensuring a balanced diet.
- Managing stock rotation to plan food preparation.

- Preference for quality ingredients from local markets to serve fresh, locally sourced meals.
- Transport, handling and adequate storage of food, respecting the conditions that each item requires based on its type, to preserve and take full advantage of its use.
- Facilities designed and adapted to best provide the service, also using kitchen equipment and utensils that ensure proper storage, handling and preparation processes, to ensure the safety, conservation and consumption of meals in adequate conditions.
- Optimal conditions of hygiene to avoid contamination and the subsequent need to discard deteriorated products.

Food waste is minimal at the offices. In addition, in the event of damage to or a breakdown of a refrigerator, the food bank is contacted to take advantage of its content.

15.3.5. Sustainable use of resources

Energy is one of the main resources needed for all the Company's operations. In 2023, the Group consumed 384,819.93 GJ of energy in its activities (mainly in the form of diesel, petrol and electricity), down 12% on the previous year. This reduction is due to the degree of progress or completion of some projects, where there is more or less fuel consumption depending on the needs, and the reduction in electricity consumption at the offices in Spain (where most of the electricity consumption is concentrated), as a result of space optimisation and the energy efficiency measures adopted at the offices.

Energy consumption*	**Amount consumed in 2022 (GJ)**	**Amount consumed in 2023 (GJ)**
Diesel	293,088.93	307,647.03
Petrol	119,571.85	46,790.05
Fuel oil	0	0
Total electricity consumption	25,782.51	30,382.85
Total consumption of electricity from renewable sources**	19,856.33	15,471.39
TOTAL	**438,443.30**	**384,819.93**

** The fuel consumption for the last three months of the year was estimated. For fuel, the estimate consisted of projecting the months of October to December based on the average fuel consumed in the first three quarters. For electricity, however since its consumption is mainly in offices and depends to a large extent on the time of year, the last quarter was estimated on the basis of the consumption recorded from October to December of the previous year.*

***Renewable energy supply has been implemented in all the Spanish offices: Adequa 3, 5 and 6, Gorbea, Technology Centre and the Cartagena office.*

To ensure that this consumption is properly managed, in 2023 TR continued carrying out the various actions initiated in previous years, such as the adoption of energy efficiency plans and the implementation of awareness raising campaigns.

TR has also worked on optimising the use of material resources in all phases of the value chain and the recovery of materials through R&D activities. Steel, copper and paper are the main materials used by the Company. The variations from one year to the next in these indicators depend on the degree of progress of the projects, so that depending on the phase and the purchases made, they can undergo high variations. This was the case in the changes for copper and steel between 2022 and 2023. In the case of paper, the reduction is mainly due to the Remote Working Policy.

Raw materials consumption*	Amount consumed in 2022 (t)	Amount consumed in 2023 (t)
Steel	42,641.83	40,044.02
Copper	258.92	335.50
Paper	35.75	33.86
TOTAL	**42,936.50**	**40,413.38**

**To calculate the reported data, an estimate was conducted of the materials consumption associated with the last quarter of the year. The estimate consisted of projecting the months of October to December based on the average materials consumed in the first three quarters.*

Although water consumption is outside the Company's material scope, it endeavours to make responsible use of this resource at all times, both in its projects and in the office buildings.

In relation to its offices, water consumption is outside the scope of TR, given that it is the responsibility of the building owners. Nevertheless, the Company conducts campaigns to reduce water consumption in all its offices based on a commitment to savings and efficient consumption.

In the case of its projects, TR is responsible, within the scope of the contract, for providing potable water for site and office activities, together with the construction works.

15.3.6. Other forms of pollution

Técnicas Reunidas does not just focus its efforts on minimising greenhouse gas emissions, reducing its consumption of materials and generating less waste. The Company uses all resources at its disposal to identify the environmental circumstances existing on each occasion and to establish the most appropriate preventive and, where appropriate, mitigation measures in accordance with the best available techniques. The Company therefore analyses other possible forms of pollution, such as noise or light pollution. In relation to light pollution, the office buildings have automatic night shutdown systems between 8:00 pm and 6:00 am. In the case of the works, they are illuminated in accordance with the safety and energy efficiency standards corresponding to each country.

For the proper management of all environmental issues, the Company has a wide range of supporting documents in the various project phases — including the Environmental Management Plan and the Construction Environmental Management Plan — which identify the limits of mandatory compliance, along with the actions to be implemented at all times. It also has specific Environmental Management Manuals for each certified Environmental Management System.

15.3.7. Protection of biodiversity

One of the principles of action of the Environmental Sustainability Policy is to preserve and promote the biodiversity of the ecosystems, landscapes and species in the territories in which the Company operates.

Técnicas Reunidas carries out all its projects on industrial land, which is why biodiversity is not among the Company's material aspects. In this regard, there were no impacts on biodiversity or protected areas in 2023. TR carries out all its projects in accordance with the environmental impact studies developed by its clients, all of which take into account the Equator Principles and aspects such as environmental protection and the diversity of plant and animal species living in the environment.

In biodiversity matters, Técnicas Reunidas implements the measures included in the customer's contractual scope, offering, when necessary, specific consulting services for customer advice and support. For those projects where the protection of biodiversity is assumed by Técnicas Reunidas in the scope of the contract, the Company implements several initiatives, such as planting trees, aimed at offsetting the CO_2 emissions from these projects, thus reducing its carbon footprint and generating great benefits for the environment.

15.3.8. Provisions and guarantees for environmental risks

The environmental expenses, assets, provisions and contingencies of the Group companies are considered immaterial in relation to their equity, financial position and results. However, the Company identifies these items for each office/subsidiary, and for each project through the various applicable accounting items; this facilitates the monitoring of environmental indicators since, based on the concept of sustainable management, the verification documents are the invoices that support these items.

TR also has a risk management system that includes an analysis of both offices and projects (from the bidding phase to completion) for potential environmental impacts. This analysis includes the identification of measures addressing the precautionary principle and reduction of undesirable effects.

In addition to environmental expenses and provisions, all projects include a contingency account to cover possible unforeseen events that may arise in the project for situations that may include environmental issues and that are capitalised if necessary.

The Company is also insured under an environmental third-party liability policy that guarantees coverage of potential environmental damage arising from Técnicas Reunidas' activities, including environmental liability at its own facilities and offsite, liability for pollution or liability during transport to and from third-party facilities.

15.3.9. Resources assigned to prevention of environmental risks

In the preparation and development phase of the projects, the HSE department and the Sustainability area are responsible for gathering information on the requirements to ensure adequate prevention and management of environmental risks in the projects.

In the project development phase, the HSE department is responsible for gathering information on the requirements to ensure adequate identification, analysis, prevention and management of environmental risks, and to establish any mitigation mechanisms, if necessary. The HSE team has interdisciplinary professionals who work in a cross-cutting manner throughout the Group's companies and divisions, implementing a common methodology in all projects.

15.4. Information on social and personnel issues

15.4.1. Employment

Técnicas Reunidas' professionals are the Company's main asset. The workforce increased in 2023 to 8,490 employees (an increase of 20.37% compared to 2022), which represents a major challenge in terms of management, and this is in addition to the need to adapt to the complex scenario arising from the challenges on an international level.

Thanks to various tools and strategies, TR efficiently manages the relationship with its professionals and promotes their professional development. The tools available to the Company include policies, procedures and bodies that stipulate the principles, guidelines and decisions related to human resources. This framework enables the appropriate management of human resources, offering employees a safe and dependable environment that reinforces their commitment to the Company.

Técnicas Reunidas is aware of the main HR risks to which it is exposed. In 2023, these risks mainly included the following: difficulty in attracting qualified professionals and talent drain, maintaining a flexible system of subcontracting external service companies that collaborate with the Company to respond to business needs, managing expatriate personnel, hiring local personnel, and possible risks to the safety of workers due to their proximity to geographical areas that are in conflict.

However, TR is prepared to face all these possible contingencies through a flexible and globalised human resources structure, which facilitates the adoption of solutions to prevent and mitigate the risks associated with its activity. Specifically, some of the most important measures to address the main risks were: (i) establishing strategic plans to achieve a more attractive company that generates large-scale employment, including remuneration, work flexibility and training plans adapted to needs, (ii) centralisation of recruitment processes in a differentiated but coordinated manner at the national and international levels between Human Resources and Operations, (iii) establishing adequate controls at local offices, (iv) maintaining and improving flexible working conditions, which also take into account exceptional personal circumstances, (v) establishing a modern expatriation policy adapted to current needs, and (vi) monitoring and establishing internal security policies in projects through the centralisation of the Security in Corporate.

This global management of human resources is in accordance with its strategy to promote diversification in both services and geographical regions. This approach enables the Group to implement more comprehensive control of all sections related to human resources, increasing the reliability of information, optimising the management of these resources and offering a series of basic conditions to all employees.

In this area, TR has implemented a software tool (SAP Success Factors), which enables better management of aspects such as administration, remuneration plans, evaluations of employee performance and absenteeism, and training schemes. In relation to this last point, Técnicas Reunidas has a presence control system that complies with current law and allows for control of records, leave and absences.

The Group's workforce at 31 December 2023 had 8,490 employees (not including freelancers), who have a contract with the Company. In addition, Técnicas Reunidas has an average of more than 33,830 subcontracted workers on its projects in construction (see section 15.7.3). In 2023, there was an increase of around 20.37% in the workforce, due to the fulfilment of the strategic objectives of growth in the number of employees, in line with the needs of the business in the technology centres in Spain (Madrid and Cartagena), India, Turkey, Abu Dhabi and Chile. In addition, in coordination with Operations, organisational support is being provided to respond to the staffing needs of the various subsidiaries.

In relation to the review and implementation of the integrated organisational structure, it should be noted that in 2023 the integration of the different companies and divisions into a transversal unification of internal categories was consolidated and completed, allowing the business to easily identify profiles, detect needs and offer proposals to homogeneous groups.

In addition, in 2023 the Company increased the dissemination and effectiveness of its internal mobility programme 'MuéveTRe', which allows employees to find out about and apply for different open positions through the corporate intranet, thus facilitating the personal and professional enrichment of the workforce, and the interdisciplinary integration and retention of talent, knowledge and internal experience.

The following tables show the breakdown of the indicators on TR's workforce. It should be noted that the applicable perimeter is 100% of the internal workforce in Spain and subsidiaries.

- **Distribution of staff by gender, age, country and professional category:**

In 2023, the workforce increased by around 20.37% compared to 2022 as a result of the implementation of the growth strategy. The gender distribution shows that 75.67% of the employees are men and 24% are women. By professional category, 91.32% are graduates, line personnel and clerical staff. In turn, by age, the bulk of the workforce, more specifically 65%, is concentrated between 30 and 49 years old; although in 2023 the number of employees under 30 and over 50 years old doubled. In terms of geographical distribution, Spain, India, Saudi Arabia and the United Arab Emirates (UAE) account for 78.52% of employees.

	2022		2023	
Distribution of staff by gender	**No.**	**%**	**No.**	**%**
Men	5,254	74.49 %	6,424	75.67 %
Women	1,799	25.51 %	2,066	24.33 %
TOTAL	**7,053**	**100 %**	**8,490**	**100 %**

	2022		2023	
Distribution of staff by professional category	**No.**	**%**	**No.**	**%**
Executive Directors	1	0.01 %	1	0.01 %
Senior executives	9	0.13 %	9	0.11 %
1st management level	87	1.23 %	84	0.99 %
2nd management level - Middle managers	399	5.66 %	461	5.43 %
Graduates, line personnel and clerical staff	6,372	90.34 %	7,753	91.32 %
Supervisors	162	2.30 %	125	1.47 %
Sales staff	23	0.33 %	57	0.67 %
TOTAL	**7,053**	**100 %**	**8,490**	**100 %**

	2022		2023	
Distribution of staff by age	**No.**	**%**	**No.**	**%**
<30 years old	442	6.27 %	1,101	12.97%
>=30 years old, <50 years old	4,954	70.24 %	5,486	64.62 %
>=50 years old	1,657	23.49 %	1,903	22.41 %
TOTAL	**7,053**	**100 %**	**8,490**	**100 %**

** The increase between periods for these data is explained by the increase in recruitment at subsidiaries of employees <30 years old*

	2022		2023	
Distribution of TR staff by country	**No.**	**%**	**No.**	**%**
TR SPAIN	4,108	58.24%	4,256	50.13 %
TR OMAN	173	2.45%	117	1.38 %
TR CHILE	103	1.46%	170	2.00 %
TR INDIA	528	7.49%	1,169	13.77 %
TR ARABIA SAUDI	647	9.17%	689	8.12 %
TR KUWAIT	52	0.74%	31	0.37 %
TR PERU	153	2.17%	96	1.13 %
TR MALAYSIA	9	0.13%	6	0.07 %
TR UAE	462	6.55%	552	6.50 %
TR TURKEY	70	0.99%	239	2.82 %
TR ALGERIA	9	0.13%	7	0.08%
TR AZERBAIJAN	85	1.21%	13	0.15%
TR MEXICO	10	0.14%	198	2.33 %
TR CANADA	25	0.35%	26	0.31 %
TR SINGAPORE	111	1.57%	209	2.46 %
TR POLAND	53	0.75%	98	1.15 %

TR ITALY	9	0.13%	8	0.09%
TR BAHRAIN	4	0.06%	11	0.13 %
TR RUSSIA	9	0.13%	4	0.05 %
TR USA	2	0.03%	6	0.07 %
TR COLOMBIA	77	1.09%	37	0.44 %
TR THAILAND	230	3.26%	217	2.56 %
TR ARGENTINA	12	0.17%	34	0.40 %
TR QATAR	112	1.59%	294	3.46 %
TR KAZAJISTAN	0	0.00%	3	0.04 %
TOTAL	**7,053**	**100%**	**8,490**	**100 %**

**The significant changes in some of the subsidiaries are due to fluctuations in the needs of the Company's various projects in the regions in which it operates projects.*

- **Total number and distribution of employment contract types:**

Regarding the composition of the workforce by hiring model, in 2023 there was an increase in permanent contracts to 91.11% of employees (an increase of 10% with respect to the total, compared to 2022), which has led to a decrease in temporary contracts, representing 8.89% of the workforce. Furthermore, 100% of the workforce is employed on a full-time basis, although 5.96% of the workforce has reduced working hours.

	2022		2023	
Distribution of employment contract types	**No.**	**%**	**No.**	**%**
Permanent	5,747	81.48 %	7,735	91.11 %
Temporary	1,306	18.52 %	755	8.89 %
TOTAL	**7,053**	**100 %**	**8,490**	**100 %**

** The increase in the number of fixed employees in the year is due to the key employee retention policy.*

	2022		2023	
Distribution of employment contract types	**No.**	**%**	**No.**	**%**
Total employees	**7,053**	**100 %**	**8,490**	**100.00 %**

Full time	6,426	91.11%	7,984	94.04 %
Reduced workday	627	8.89 %	506	5.96 %

** Virtually 100% of TR's contracts are full-time contracts and, therefore, TR does not in practice have part-time contracts, except for the specific needs of a person who request this type of contract for special reasons. This table includes those employees that have a full-time contract and that also have a reduced workday.*

- **Annual average of contracts by contract type, gender, age and professional category:**

Average contracts by gender*	2022			2023		
	Men	Women	TOTAL	Men	Women	TOTAL
Permanent	3,884	1,601	5,485	5,241	1,764	7,005
Temporary	1,067	153	1,220	565	173	738
TOTAL	**4,951**	**1,754**	**6,705**	**5,806**	**1,937**	**7,743**
	6,705			**7,743**		

Average contracts by age*	2022			2023		
	<30	>=30, <50	>=50	<30	>=30, <50	>=50*
Permanent	175	3,964	1,346	621	4,763	1,621
Temporary	168	831	221	173	403	162
TOTAL	**343**	**4,795**	**1,567**	**794**	**5,166**	**1,783**
	6,705			**7,743**		

Average contracts by professional category		Executive directors	Senior executives	1st management level	2nd management level - Middle managers	Graduates, line personnel and clerical staff	Supervisors	Sales staff
2022	**Permanent**	1	9	88	358	4,889	118	23
	Temporary	-	-	3	47	1,132	36	1
	TOTAL	**1**	**9**	**91**	**405**	**6,021**	**154**	**24**
2023	**Permanent**	1	9	78	419	6,336	108	54
	Temporary	-	-	1	32	686	16	3
	TOTAL	**1**	**9**	**79**	**451**	**7,022**	**124**	**57**

** The average was calculated based on the average of the active employees in 2023.*** The increase between periods is due to the increase in employees at some of the international subsidiaries.*

- **Number of dismissals by gender, age and professional category:**

In 2023 there was a 5.68% decrease in dismissals. The reason for the reduction in this rate is the completion of the workforce restructuring that took place in 2021 and the reactivation of projects that had been delayed or postponed due to the impact of Covid-19. By gender, there was an increase in the number of dismissals among women. By age, the bulk of the dismissals (around 93%) were concentrated between two age ranges: employees between 30 and 49 years old (48.39%) and employees of >50 years old or more (45.16%), who make up the majority of the workforce. In terms of professional category, the dismissals were concentrated among graduates, line personnel and clerical staff, who represent a large part of TR's workforce.

	2022		2023	
No. of dismissals	**No.**	**%**	**No.**	**%**
Distribution by gender				
Men	73	82.95 %	69	74.19 %
Women	15	17.05 %	24	25.81 %
TOTAL	**88**	**100 %**	**93**	**100 %**
Distribution by age	**No.**	**%**	**No.**	**%**
<30 years old	23	26.14 %	6	6.45 %
>=30 years old < 50 years old	39	44.32 %	45	48.39 %
>=50 years old	26	29.55 %	42	45.16 %
TOTAL	**88**	**100 %**	**93**	**100 %**
Distribution by professional category	**No.**	**%**	**No.**	**%**
Executive Directors	0	0.00%	0	0.00%
Senior executives	0	0.00%	0	0.00%
1st management level	4	4.55 %	2	2.15 %
2nd management level - Middle managers	1	1.14 %	5	5.38 %
Graduates, line personnel and clerical staff	82	93.18 %	80	86.02 %
Supervisors	1	1.14 %	4	4.30 %
Sales staff	0	0.00%	2	2.15 %
TOTAL	**88**	**100 %**	**93**	**100 %**

- **Total average compensation (fixed and variable wages) of the workforce at year's end, broken down by gender, age and professional category or equivalent value:**

Average remuneration by gender (EUR)	**2022**	**2023**
Men	52,595	58,219
Women	42,322	47,275
TOTAL	**49,978**	**54,389**

** Updated calculation formula.*

	2022		**2023**	
Average compensation by professional category* (€)	**Men**	**Women**	**Men**	**Women**
Senior executives	511,005.04	415,071.82	791,301	313,644
1st management level	173,594.96	172,259.02	194,618	179,217
2nd management level - Middle managers	95,761.96	71,801.91	98,388	85,843
Graduates, line personnel and clerical staff	46,850.38	39,298.58	48,663	43,591
Supervisors	20,191.92	16,430.42	31,602	25,787
Sales staff	93,756.15	69,943.03	54,662	48,039

Average remuneration by age (€)*	**2022**	**2023**
<30 years old	20,202.61	26,676
>=30 years old < 50 years old	46,390.42	50,008
>=50 years old	67,168.91	70,967

** Remuneration calculated on a cash basis.*

Wage gap by professional category*	**2022**	**2023**
Senior executives	18.77%	60.36 %
1st management level	0.77 %	7.91 %
2nd management level - Middle managers	25.02%	12.75 %
Graduates, line personnel and clerical staff	16.12%	10.42 %
Supervisors	18.63 %	18.40 %
Sales staff	25.40%	12.12 %

** The gap was calculated as follows: 1- (average remuneration of women by professional category/average remuneration of men by professional category)*

- **Wage gap:**

The data in these tables are broken down into broad categories that in turn include very different profiles and subcategories due to position, specialisation, experience and training, among other differences. In addition, in each case the salaries in Spain are added to those of the rest of the world, which causes a significant pay distortion due to the significant masculinisation existing in most projects outside Spain as a result of circumstances of both the sector itself and the social circumstances of the main geographical areas in which the Group operates. All this prevents the Company from obtaining effective conclusions regarding the analysis of its actual wage gap, which is analysed in a detailed and effective manner in the context of the TR Group's corresponding Equality Committees.

- **Directors' remuneration:**

Total average directors' remuneration by gender (€) - executive directors*	**2022**	**2023**
Men	**897,928.04**	**901,746.28**
Women	**N/A**	**N/A**
Total average directors' remuneration by gender (€) - non-executive directors*	**2022**	**2023**
Men	**176,657.00**	**170,664.90**
Women	**130,214.66**	**129,144.67**

** Directors' remuneration is broken down in detail in the Company's Annual Directors Remuneration Report. In this report, it was calculated on an accrual basis and the fixed and variable salary was considered.*

With regard to the remuneration of the Company's directors, in 2022 Técnicas Reunidas submitted the 2023-2025 Directors Remuneration Policy to its shareholders for approval, with the aim of obtaining their approval before the end of the previous policy. The Policy, approved by 89.25% of the votes of the shareholders present and represented at the Annual General Meeting held on 28 June 2022, aims to ensure that the remuneration of all the directors is aligned with Técnicas Reunidas' strategies and with the interests of the Company and its shareholders, having taken into consideration the market standards of comparable companies, the remuneration and employment terms of the Company's employees and sustainability aspects. In particular, in the case of the executive director, his annual variable remuneration considers sustainability criteria, given that 20% of this remuneration is linked to safety (10%) and environmental (10%) objectives.

15.4.2. <u>Work organisation, measures to encourage work-life balance and implementation of disconnection from work policies</u>

Remote working, work flexibility and digital disconnection policies reflect the new needs of a society that is more aware of the need for a balance between work and personal life. The Company has addressed important structural reforms and improvements regarding the organisation of work, most notably including the implementation of a system where the entire workforce in Spain may work remotely two days a week, all within the framework of an agreement signed with the support of all employee representatives.

Another aspect that should be noted as one of the priorities in human resources management is the Company's strong commitment to work flexibility that allows for a better work-life balance. For several years now, the Company has been committed to establishing a flexible working hours model in its offices in Spain, based on trust and commitment to its professionals. This model allows employees to manage their time and perform their professional activities while enjoying a better quality of life.

The Company also extended the cases in which, for personal reasons or special circumstances, the needs of employees are met so that they can balance their work and personal life. Other measures include personalised management of requests related to adapting working hours, family illnesses, personal circumstances, etc.

Against this same backdrop, the new expatriation policy provides for improved rotation times, breaks between weeks and special compensation in other cases.

15.4.3. Disabled employees

As part of its commitment to employment insertion, development and effective integration, in 2023 Técnicas Reunidas had 30 employees with disabilities among its staff, compared to the 25 recorded in 2022, offering them quality and stable employment. TR's commitment to people with disabilities is strengthened year after year, and has continued in 2023 by maintaining and improving strategic agreements with auxiliary service providers (cleaning, catering, etc.) to include a high percentage of staff with disabilities.

Regarding accessibility to its buildings, TR complies with the regulations in force in each country where it operates. In addition, with regard to the Company's corporate website, one of the main objectives is accessibility without difficulty, regardless of any physical or technical disability. To this end, TR adheres to the Web Accessibility Initiative (WAI) of the World Wide Web Consortium (W3C). This organisation developed the Web Content Accessibility Guidelines (WCAG) 1.0 aimed at making web content accessible to people with disabilities.

15.4.4. Training

The development of talent and adequate skills are key aspects that have a direct impact on the competitiveness of Técnicas Reunidas, which actively manages knowledge, mainly through training resources and the identification of skills necessary for employees to develop professionally and improve their performance.

To carry out its training management tasks, TR has three main policies, each with different objectives:

a. 'Evaluation process and information records of employees' procedure: assures the quality of talent management processes.
b. 'Skills, training and awareness procedure': ensures and provides employees the skills they need to perform the tasks assigned to them
c. 'Annual training plan and course management' procedure: describes the Company's training plan preparation process, along with how the specific training actions are requested under the plan.

TR is aware of the importance of attracting talent through disseminating knowledge. Accordingly, the Company offers its employees a complete range of courses and adjusted training plans to help them maximise their skills and growth potential throughout their professional careers. Thanks to this commitment, TR supports its professionals and facilitates the achievement of new goals that contribute to fulfilling the Company's objectives.

To this end, TR analyses the trends in the assessment of skills and knowledge in each area. This procedure was updated in 2022 to identify the specific deficiencies and develop specific training programmes, establishing training itineraries for each job. In addition, after each training session or programme, the participants' supervisors receive a questionnaire to assess the effectiveness of the training and identify potential improvements and adjustments to the training for the future.

A few years ago, TR identified the need to restructure its training plan, establishing digital solutions as a key aspect. Since then, the company has been working on three main lines of action:

- **Virtual Classroom Project**: numerous training actions planned within the Training Plan, both of a technical and skills nature, were channelled through a corporate tool and the instruction of internal staff trainers.
- **PHAROS Project**: e-learning platform with more than 800 courses, mainly of a technical nature in the construction, engineering and new technologies sector, which is open 365 days a year to all TR Group employees.
- **Homemade content factory**: production of homemade multimedia material to provide training through the corporate tool TR Aula, including collaborations with specific areas, as well as all kinds of small training pills and workshops.

In 2023, the Company developed and improved its training offer through the Employee Training Portal, which has a wide range of training options organised in thematic blocks. The training offer has been adapted to the new needs of the business: energy transition, regulatory compliance, social awareness and international sustainability awareness, etc., and the Annual Training Plan has been implemented with various themes (Technical-professional, Skills, Digitalisation, Languages and Corporate), modalities (classroom, online, blended), etc. The Employee Training Portal is complemented with training itineraries adjusted to the employee's professional category, including basic, convenient and desirable training in skills to reach positions of greater responsibility and management positions. Therefore, the Employee Training Portal, together with the portal with the training offer in thematic blocks and training itineraries grouped by professional categories, make up the ULTREIA Training Project, which is intended to be the main professional training vehicle for TR employees, both at the Home Office and Subsidiaries level. This new approach allows employees to manage their training and, additionally, enhance the sense of belonging to the Company.

Training by category (h)*	**2022**	**2023**
Senior executives	16	13
1st management level	575	545
2nd management level - Middle managers	3,400	4,869
Graduates, line personnel and clerical staff	190,929	222,098
Supervisors	200	67
Sales staff	139	1,931
TOTAL	**195,259**	**229,523**
Training by topic (h)*	**2022**	**2023**
Skills	11,264	13,763
Languages	7,349	7,149
Technical	176,646	208,611
TOTAL	**195,259**	**229,523**

The training hours delivered in 2023 increased significantly over 2022 (18 % more). This increase is due to the increase in training hours at construction sites (which account for the majority of the data) due to the start of new projects and the growth of training hours in offices (where training plans that were put on hold during the pandemic have been implemented).

15.4.5. Equality

Técnicas Reunidas encourages a climate of respect for diversity and guaranteed equal opportunities, where people are judged and valued for their worth and professionalism.

TR’s main policies on equality are based on the principles expressly set out in TR's Code of Conduct (available on the website), which states that TR ‘does not accept any discrimination in the work or professional environment on the grounds of age, race, colour, sex, religion, political opinion, nationality, social origin, disability, sexual orientation or any other circumstance that could lead to discrimination’.

As reflected in the Code of Conduct, 'The TR Group is committed to promoting the moral and physical integrity of its professionals, guaranteeing conditions of respect and dignity in the workplace. In particular, the Group will take appropriate measures to prevent and, if necessary, correct the following: any manifestation of violence; physical, sexual, psychological, moral or other type of harassment; abuse of authority at work; or any other conduct that intimidates or infringes on the rights of TR Group associated people. Also, in view of the importance of balancing work and personal life, any reconciliation measures and actions in this area will be encouraged’.

The Company has recently set up various Equality Committees and negotiating tables to analyse the Company’s situation and progress, showing its total rejection of any act that could go against this principle of equality, establishing the appropriate mechanisms in all cases to avoid any form of discrimination in each and every one of the areas in which the Company operates and thus anticipating possible conflicts in these areas and, in any case, with strong instruments that allow it to adopt the appropriate measures. In 2023, improvements were made to the Equality Plan after having reached a consensus with the Workers’ Representatives on the Equality Plan for Initec Plantas Industriales, extending its more beneficial application to all TR Group employees in Spain. The TRSA Equality Plan is currently still being negotiated.

Within the framework of the Company’s Workplace and Sexual Harassment Prevention Policy, the existing harassment protocols for dealing with workplace and sexual harassment have been maintained after a consensus was reached with the Workers’ Representatives of the various TR Group companies.

To strengthen its rejection of any type of discriminatory conduct, the Company has launched numerous training and awareness-raising campaigns on matters such as dealing with sexual and gender-based harassment, inclusive communication and gender awareness.

Thanks to these activities, TR identifies, manages and mitigates any risks that may arise in this area during the Company’s activities. The implementation of all these preventive measures has prevented the appearance of any significant impacts in this regard.

As regards measures to promote employment, the Company publishes numerous announcements on a continuous basis seeking professionals in all types of specialities, both in Spain and abroad, and has an ongoing relationship and framework agreements with universities and other institutions such as vocational training colleges, institutions that promote employment among women, etc.

There are also ambitious scholarship programmes for young people in the final year of their degree who wish to carry out their internships or scholarships in the Técnicas Reunidas Group, with the aim of learning everything necessary to subsequently carry out their professional career as part of the Técnicas Reunidas Group's workforce.

Furthermore, TR actively participates in the Start ICEX Vives international internship programmes to attract and train talent in international subsidiaries, which for years has included professionals who then go on to continue their career and acquire positions of greater responsibility within the Company.

TR also favours the employment of people with disabilities, promoting their inclusion in the workforce through recruitment or agreements with service companies so that these people can work in the Company and thus have the opportunity to have stable, quality employment.

15.4.6. Occupational health and safety

Guaranteeing a safe and healthy working environment for all those involved in Técnicas Reunidas' activities requires a great effort and continuous improvement on the part of its employees, based on the engagement and leadership of senior management.

TR therefore has a Health, Safety and Environment department that consists of interdisciplinary professionals who work across the various Group companies and divisions, implementing a common methodology in all processes and projects.

To achieve full integration of occupational health and safety throughout the life cycle of Técnicas Reunidas' projects, the Company has had an Occupational Health and Safety Management System in place for 16 years, certified since 2008 under OSHA 18001: 2007. This system is implemented based on the corporate Quality, Health, Safety and Environment Policy (QHSE) and is based on three pillars: accident and incident prevention, integration of health and safety in corporate strategy, and continuous improvement of methods and processes.

In 2022, TR's Occupational Health and Safety Management System was successfully certified under ISO 45001, to which the system was migrated in 2020. Against this backdrop, the QHSE Policy was updated in March 2021 to bring it into line with the new requirements of the new ISO 45001: 2018 and 14001: 2015 standards. As a result, Técnicas Reunidas has renewed its ISO 45001 certification for a period of three years.

In 2023, the management systems corresponding to the ISO 45001 and ISO 14001 certifications will be integrated to optimise processes and to reduce time and costs, while ensuring the correct implementation of both management systems. The integrated certification was obtained with the BSI (British Standards Institution) and the ISO 45001 certificate expires on 27 November 2025.

The excellent results of this audit demonstrate the maturity of the management system and the Company's commitment to applying the best available practices in health, safety and environmental matters. In HSE matters, TR's leadership is increasingly visible among the Company's management as a standard bearer of a company that cares for the well-being and health of its workers, encouraging their consultation and participation.

In the bid preparation phase, the Sustainability area, together with the HSE department, is responsible for identifying the environmental and sustainability requirements included in the bid request and the laws of the country.

In the project development phase, the HSE department and the Sustainability area are responsible for gathering information on the requirements to ensure adequate prevention and management of environmental risks in the projects.

In July of this year the health emergency caused by the COVID-19 pandemic was considered to have ended, and all restrictions and measures implemented in the TR Group to limit the effects of this pandemic were definitively lifted.

In relation to the Russia-Ukraine conflict, Técnicas Reunidas has plans for evacuation in conflict zones managed by companies specialising in the sector. In fact, the Company has evacuated its personnel in Russia, as the project it had in the region has been halted.

In addition, in 2023, regular medical check-ups and flu vaccination campaigns were carried out among employees. These campaigns were coordinated by TR's Joint Prevention Service and were very successful in terms of participation.

In addition, the management system corresponding to the ISO 45001 certification, issued by the BSI (British Standards Institution), was successfully integrated in 2023 to optimise processes and to reduce times and costs, while ensuring the correct implementation of the system.

Another important measure that has had a major impact on Técnicas Reunidas from a health and safety point of view was the inclusion of an in-company physiotherapy service in the central offices.

Técnicas Reunidas has HSE diligence procedures that cover all of the Company's activities, based on an exhaustive analysis of risks and opportunities, as well as an analysis of the needs and expectations of its stakeholders. As a result of these assessments, the following risks associated with TR's HSE activity were identified:

- Hiring of personnel with little experience in health and safety derived from the demands in the increased hiring of local labour by clients in a short period of time.
- Increase in high-risk activities due to the increase in the scope of the commissioning and start-up phases of the projects.
- Adaptation to the characteristics and safety requirements of new countries, clients and subcontractors.
- High rate of potentially serious incidents that can lead to serious accidents if immediate action is not taken.
- High volume of labour with low HSE culture.

To mitigate the risks to which the Company is exposed, and to ensure proper implementation of the management system and its adaptation to the established objectives, the requirements in the bid phase are identified and the adequate implementation of the system during engineering is ensured, and HSE assessments are carried out for the pre-qualification of subcontractors, as well as follow-up audits defined in the internal corporate plans and audits of the systems that form part of the Occupational Health and Safety Management System (OHSMS) and Environmental Management System (EMS). The results of these audits are discussed with the client or subcontractor at the site, facilitating the effectiveness of actions taken to correct any shortcomings.

In 2023, TR conducted a series of audits aimed at improving processes and ensuring compliance with the corporate objectives and objectives of the EMS and OHSMS:

- EMS and OHSMS:
  - Internal: 12 internal corporate integrated engineering audits and 26 internal corporate integrated audits were carried out during the construction phase of the projects (5 of them in the commissioning or pre-commissioning phase).
  - External: In addition, an external certification audit was carried out for the integrated systems.
- Engineering: 18 internal technical audits to ensure that corporate processes and procedures (CRM - Corporate Requirements Monitoring) for projects are correctly implemented during the engineering phase.

TR ensures that high standards of occupational safety are observed by its entire supply chain, establishing stringent requirements and promoting good practices. Onsite health and safety managers oversee the application of specific health and safety plans by subcontractors, and implementing any preventive actions they consider necessary. To this end, the Company carries out information campaigns, prevention programmes and regular medical check-ups. In 2023, the following milestones were noteworthy of mention:

- Successful implementation of a pilot project for a new platform for recording health and safety observations in projects, improving the accessibility and effectiveness of its use.
- Creation of a Health and Safety Inspection Committee, which is responsible for assessing the health and safety inspections carried out in supplier workshops visited by Company employees belonging to the Procurement area. This Committee is multidisciplinary and is made up of personnel from different disciplines: Procurement, Quality and HSE.
- Implementation of a new KPI, ‘Safe Practices and Conditions Reported’, in all projects under construction.

In addition, since 2020, the Company has had the e-risk tool for identifying and managing the risks and opportunities of the Occupational Health and Safety Management System at all levels of the Company, and also updated the occupational risk assessment in 2023.

The Company also works to ensure the standardisation of health and safety procedures throughout the entire organisation to guarantee maximum efficiency in the dissemination and assimilation of corporate policies. This objective is based on an intensive drive toward training. In 2023, there were 1.66 hours of on-site training provided in this area for every 100 hours worked (21% more than in 2022), taking into account the personnel of both the Company and its subcontractors. Among the training actions provided in 2023, it is worth highlighting the development of training on legal liabilities associated with health and safety during the construction phase of projects, aimed at project managers.

With regard to the effectiveness of its safety policies, Técnicas Reunidas assesses their performance through a system of indicators. The information reported relates to the sites and offices, although it is in the construction and commissioning phase that an increased security risk is identified. Given the different degree of risk associated with each type of activity and the different scope of the indicators, the Company reports accident data and accident rates for work sites and offices separately, which are included in the tables below:

	Number of accidents at work sites (TR employees)	
	Value of the indicator in 2022	**Value of the indicator in 2023**

	Women	Men	Total	Women	Men	Total
Accidents with leave	0	0	**0**	0	1	**1**
Accidents without leave	0	0	**0**	0	0	**0**
Fatal accidents*	0	0	**0**	0	0	**0**
No. of occupational diseases	0	0	**0**	0	0	**0**

	Number of accidents at work sites (Subcontracted workers)					
	Value of the indicator in 2022			**Value of the indicator in 2023**		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Accidents with leave	0	10	**10**	0	9	**9**
Accidents without leave	0	15	**15**	0	26	**26**
Fatal accidents*	0	1	**1**	0	0	**0**
No. of occupational diseases	0	0	**0**	0	0	**0**

** Unfortunately, an accident occurred in 2022 in one of the projects, which resulted in the death of a worker belonging to a subcontractor during pipe positioning work when he was hit during the manoeuvre due to overloading.*

	Number of accidents at offices (TR employees at offices in Spain)					
	Value of the indicator in 2022			**Value of the indicator in 2023**		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Accidents with leave	1	0	**1**	1	3	**4**
Accidents without leave	5	3	**8**	5	3	**8**
Fatal accidents*	0	1	**1**	0	0	**0**
No. of occupational diseases	0	0	**0**	0	0	**0**

** The investigation of the incident established that there was no link between the worker's death and the work. However, it is classified as an accident at work as it occurred during the working day.*

The Group's accident rates at work sites and offices are as follows:

	Work site accident rates (TR employees)					
	Value of the indicator in 2022			**Value of the indicator in 2023**		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Lost time incident rate* (LTIR)	*****	0.000	**0.000**	*****	0.012	**0.012**
Total recordable incident rate** (TRIR)	*****	0.000	**0.000**	*****	0.012	**0.012**
Severity rate*** (SR)	*****	0.000	**0.000**	*****	0.014	**0.014**
Frequency rate ****	*****	0.000	0.000	*****	0.021	**0.021**

	Accident rates at work sites (Subcontracted workers)					
	Value of the indicator in 2022			**Value of the indicator in 2023**		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Lost time incident rate* (LTIR)	*****	0.019	**0.019**	*****	0.020	**0.020**
Total recordable incident rate** (TRIR)	*****	0.051	**0.051**	*****	**0.079**	**0.079**
Severity rate*** (SR)	*****	0.002	**0.002**	*****	0.007	**0.007**
Frequency rate ****	*****	0.002	**0.002**	*****	0.019	**0.019**

	Office accident rates (TR employees at offices in Spain)					
	Value of the indicator in 2022			Value of the indicator in 2023		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Lost time incident rate* (LTIR)	0.000	0.044	**0.028**	0.094	0.157	**0.112**
Total recordable incident rate** (TRIR)	0.474	0.133	**0.256**	0.562	0.315	**0.336**
Severity rate*** (SR)	0.003	0.005	**0.004**	0.117	0.038	**0.055**
Frequency rate ****	0.000	0.22	**0.14**	0.39	0.66	**0.56**

** LTIR (Lost Time Incident Rate): (No. of incidents involving lost time/No. of hours worked) * 200,000. This rate refers to the frequency of accidents. Does not include en route accidents and relapses.*

*** TRIR (Total Recordable Incident Rate): (No. of accidents recorded (according to OHSAS)/No. of hours worked) * 200,000. This rate refers to the frequency of accidents. Does not include en route accidents and relapses.*

**** Severity Rate (SR): (No. of days lost through incidents/Total no. of hours worked) * 1000. This rate refers to the severity of accidents. Does not include en route accidents, but does include days lost due to relapses.*

***** Frequency rate No. of processes involving occupational incidents with leave, not including en route accidents and relapses during the working day, for every million hours worked by workers exposed to the risk. (Accidents with leave/Total hours worked) * 1,000,000*

****** Construction information is not broken down separately for men and women at this time.*

The construction work in 2023 involved 106,002,436 working hours (compared to 112,065,699 in 2022), including hours worked by subcontractors, meaning that the Company had to manage a volume of more than 40,479 workers at peak time (including Company and subcontracted workers), 2% less than in the previous year.

Regarding the statistics on accident rates at construction sites, in 2023 both the lost time incident rate (LTIR) and the total recordable incident rate (TRIR) were once again well below the targets set by the Company. The increase in accident rates is related to an increase in the accidents recorded and a decrease in the hours worked, although there were no fatal accidents this year. It should be noted that the accident rates in 2023 remained below the targets set by Técnicas Reunidas. The Company monitors recorded accidents and adopts measures to maximise worker safety in all phases of project development, based on a solid Management System that is extended to suppliers and subcontractors.

With regard to office accident rates, there has been an increase in all indicators, due to the general reduction of incidents and days lost compared to the previous year due to the prevention measures implemented and a lower impact from Covid-19.

In addition to the data mentioned above, the Group monitors absenteeism rates throughout the Company. The absenteeism hours for 2023 are shown below, which show a decrease compared to the previous year attributed to the lower impact of Covid-19.

	Value of the indicator in 2022	Value of the indicator in 2023
Total number of absenteeism hours	478,512	450,267

Finally, in promoting healthy lifestyle habits among employees, Madrid staff took part in the Companies' Race held in December 2023. This event has now been resumed, having been held in previous years before the Covid-19 pandemic.

15.4.7. Labour relations

In relation to the organisations representing TR employees, there are various specific committees for Equality, Training, Health and Safety, and the Expatriation Policy, among other ad hoc committees or tables for specific matters when considered necessary, with which TR meets on a regular basis or when necessary, to facilitate dialogue and improve the quality of life of all employees. The climate of respect and mutual commitment was maintained in 2023, which has allowed important agreements to be reached that have resulted in the well-being of and improvements for all employees, including with regard to expatriation policies, victims of gender-based violence, implementation of the voluntary and reversible intensive working hours, flexible working hours, equal opportunity measures, training plans, professional development, health and well-being, communication, etc.

Técnicas Reunidas is well aware of the role of unions as the legal representatives of employees. Therefore, the Company guarantees at all times equal and non-discriminatory treatment of its employees, respecting their freedom of association in line with the collective bargaining agreement of each of the countries in which the Company operates.

In relation to other mechanisms and procedures that the Company has in place to promote employee involvement in the management of the Company, in terms of information, consultation and participation, the Company carries out work climate surveys at least every two years to find out how satisfied its employees are with their jobs, their relationship with the Company and their superiors, and their workload, through which action plans are developed and improvement are made that result in the well-being of staff and mutual communication.

15.4.8. Employees covered by a collective agreement

For all countries where there is a collective bargaining agreement, 100% of the employees are covered by the collective bargaining agreement associated with the activity licence granted to the Company (engineering, construction, etc.), as was the case in 2022. In addition, health and safety clauses are included in all collective bargaining agreements, which are adapted to the corresponding local law.

15.5. Information on respect for human rights

Técnicas Reunidas considers respect for human rights to be a priority in carrying out its activities and an essential part of its corporate culture. This strategic approach is even more relevant for the Company due to its large international presence, sometimes in geographical areas with a high risk of human rights violations.

Therefore, TR ensures that all its activities are conducted in accordance with the values and principles contained in the United Nations Global Compact, of which it has been a signatory since 2011.

The Company therefore has a sustainability management framework based on its Sustainability Policy, which describes the Group’s main commitments in terms of corporate governance, environmental and social matters, including respect for human rights among its social commitments.

In addition, in 2023 the Company approved a Human Rights Policy that takes into consideration the main Spanish and international regulations and the highest standards in this area, including the Universal Declaration of Human Rights and the Guidelines for Multinational Enterprises of the Organisation for Economic Cooperation and Development (OECD). This Policy includes key aspects for both the Company and its stakeholders, such as the rejection of forced or compulsory labour and child labour, the prohibition of slavery, respect for diversity and non-discrimination, just and favourable working conditions, the rejection of corruption in all its forms, the preservation and promotion of the biodiversity of ecosystems, the promotion of the transition to a low-carbon economy, the commitment to carry out its projects in a sustainable manner, the promotion of initiatives of cultural, social and economic value, and respect for local communities to foster their inclusion and socio-economic development through education and training.

In addition, the Company has various additional internal policies and procedures that ensure its commitment to human rights in all the territories where it carries out its activity, such as the Sustainability Policy or the Company’s Code of Conduct, which includes the commitment to always act in accordance with current law, obtaining declarations of compliance with and respect for human rights in accordance with internationally accepted ethical practices. This formal declaration also includes TR’s total rejection of child labour and forced or compulsory labour, and the corporate commitment to respect freedom of association and collective bargaining and to recognise the rights of ethnic minorities in the countries where it operates, rejecting any form of discrimination and exploitation, and thus ensuring compliance with the conventions of the International Labour Organisation (ILO).

The Code of Conduct, the Sustainability Policy and the Human Rights Policy extend to the Company’s entire value chain. In particular, Técnicas Reunidas has a Supply Chain Code of Ethics, available on the corporate website, which includes specific ESG requirements (environmental, health and safety, work practices, data protection and human rights) for third parties with which the Company interacts (e.g. suppliers or subcontractors). These suppliers and subcontractors, in addition to passing a strict due diligence procedure, must guarantee compliance with minimum standards in the areas indicated to ensure that the Company’s supply chain always operates in accordance with the legal frameworks in force and complies with the specific human rights requirements in accordance with their activity and level of risk. To identify and repair possible abuses, the Company carries out human rights compliance assessments.

The Company also has an Internal Reporting System (formerly the Whistleblower Channel), in accordance with the requirements established by Law 2/2023 on the protection of persons who report regulatory and anti-corruption violations. This is a secure and confidential channel, available in several languages, for employees, third parties or any other stakeholder to report potential breaches or irregularities committed within the Company or in its sphere of action, or acts that may involve or with respect to which there are reasonable grounds for suspicion of violations of the law and other internal regulations, for example, the Code of Conduct or other corporate policies, criminal or serious or very serious administrative offences, breaches of labour law relating to occupational health and safety or breaches of European Union law.

The communications received, which may be filed anonymously, are treated under strict confidentiality standards and in compliance with Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons reporting breaches of Union law. The receipt and management of the communications received through this Internal Reporting System is the responsibility of the collective body designated by the Company for these purposes.

In 2023, a total of 18 complaints were received through the Whistleblower Channel, of which 13 were closed or resolved during the year and 5 are under investigation and had yet to be resolved at the end of the year, in accordance mainly with the date on which they were received. In general, the nature of these complaints relates to employment relationships and rights, since 9 complaints were received in this area, of which 6 have been resolved or closed, and 3 had yet to be resolved at the end of the year. Three of the complaints related to discrimination in employment and occupation, of which 1 has been closed and another resolved before the end of the year. None of these complaints related to respect for freedom of association and the right to collective bargaining, occupation, forced or compulsory labour or child labour.

In any case, the complaints under investigation are not expected to have any impact on the Company and it can be confirmed that no claims, fines, penalties or significant complaints were received in 2023 for issues related to anti-trust and anti-competitive behaviour, and monopoly practices.

However, if, despite all the measures implemented by the Company, it detects any human rights violations or other actions with a negative impact on those rights, Técnicas Reunidas will act by immediately implementing the appropriate measures in each case, taking into account the zero-tolerance principle as regards such actions.

15.6. <u>Information related to the fight against corruption and bribery</u>

15.6.1. <u>Management approach</u>

The Code of Conduct shows the Company's commitment to the highest standards of ethical conduct, establishing the principles and values that the Group and all its professionals must observe at all times in the performance of their activities so as to act with integrity, professionalism and respect for the law, human rights and internationally accepted practices. The Code of Conduct, the Supply Chain Code of Ethics, together with the integrity policies, including the Anti-Corruption Policy, are the fundamental tools used by Técnicas Reunidas to prevent corruption, bribery, money laundering and terrorist financing.

The Group also has a Regulatory Compliance area, tasked with the dissemination of the Code of Conduct, the Criminal Commercial Policy and their related policies, the review and adaptation of prevention and reporting systems, and training in this area.

The establishment and dissemination of these policies, through face-to-face and online training sessions, and their internal publication on the TR Group's intranet, lead to the conclusion that the objective of these policies has been met, in that the Company and all its members have been made aware of the standards of conduct expected of the organisation with regard to corruption and bribery risks, based on the principle of 'Zero tolerance for corruption and bribery'.

In this context, the Compliance area continued its anti-corruption and anti-bribery training, mainly aimed at TR's management team and particularly exposed persons, given their key role in the Group's decision-making chain.

Técnicas Reunidas also has a Criminal Compliance Management System. This is a set of measures aimed at preventing irregularities from being carried out, especially those of a criminal nature that may be committed in the Company as a result of their daily activities.

To strengthen the Criminal Compliance Management System, TR also has various policies and procedures in place, including the following: Criminal Compliance Policy and Catalogue of Criminal Risks and Expected Conduct, Gifts and Entertainment Policy, Policy on Relations with Public Officials, Anti-Corruption Policy, Conflict of Interest Policy, Anti-trust Policy and Donations, Sponsorship and Patronage Policy.

In 2023, the Company continued to improve its Criminal Compliance Management System to maintain the UNE19601 certification on Criminal Compliance Management Systems, certified by AENOR in January 2023. This standard establishes demanding requirements with the aim of going beyond compliance with the law, and helps companies and organisations to prevent crimes from being committed, promotes a culture of ethics and compliance, and reduces criminal risk, providing a greater guarantee of security and confidence to governing bodies and stakeholders. To maintain this certification, the criminal risks faced by the Company have to be reassessed, and new offences attributable to legal entities have to be included, all managed through the risk management tool and stored as documented information in the Criminal Compliance Management System.

The Company has also included clauses in the agreements establishing business relationships with third parties that reflect commitments and obligations in the prevention of corruption and bribery, and respect for human rights. Failure to comply with these clauses could lead to the termination of the business relationship.

Throughout 2023, TR continued to improve its due diligence procedures in its supply and subcontracting chain with the aim of obtaining a third-party integrity assessment report before entering the business relationship, which allows for the prevention and/or early detection of potential integrity risks, and their subsequent and continuous monitoring. The Regulatory Compliance area has created the position of the Due Diligence Officer.

In turn, the Internal Due Diligence Procedure has continued to be improved in the personnel selection and hiring processes, mainly for those positions and duties that, due to their nature, are considered to be particularly exposed from the point of view of integrity risks.

On a regular basis (normally annually), the Regulatory Compliance area collects Conflict of Interest Statements, particularly on the group of particularly exposed persons, and those who, as a result of the duties they perform, have contact with third parties during the award processes or other relevant areas from the point of view of the risk of corruption (i.e. Procurement, Subcontracts, General Services, Human Resources, IT or Business Development).

Regarding complaints, a complaint related to an alleged case of corruption was registered and investigated, and it was resolved without any harm to the Company.

15.6.2. Contributions to foundations and non-profit organisations

In 2023, Técnicas Reunidas' contribution to foundations and non-profit organisations amounted to EUR 267,880.51 compared to EUR 187,380.51 in 2022, an increase of 43%. For more information, see section 15.7.2.

The Company has made social contributions within the framework of projects amounting to EUR 31,714.07, and a social investment in training of EUR 2.05 million in 2023, as detailed in section 15.7.1.

15.7. General information on the Company

15.7.1. The Company's commitment to the sustainable development of local communities

Técnicas Reunidas is a leading company in its sector on an international scale, with a presence in 25 countries and a track record that totals more than 1,000 industrial plants throughout its over 60 years of experience carrying out major projects.

Técnicas Reunidas' activity is focused on the development of engineering projects, design and construction of industrial plants for the production of clean fuels, natural gas and chemical products, and solutions linked to the energy transition, circular economy and decarbonisation (renewable hydrogen, biofuels, waste recovery, CO_2 capture and storage, etc.).

The Company contributes through its activity to the protection of the environment and the fight against climate change by developing technical solutions that enable it to design and build sustainable and efficient plants for its customers, helping them to achieve their sustainability and decarbonisation objectives. In the exercise of responsible business conduct, Técnicas Reunidas offers quality jobs for its professionals, promotes equality, fosters research and innovation, as well as carrying out actions so that its projects contribute significantly to the sustainable development of the local communities in the countries where it operates. The Project Sustainability area was created with this objective in mind, which focuses on making improvements for all the stakeholders of a project, getting to know them first hand and thus promoting both social and environmental well-being and sustainability.

The success of Técnicas Reunidas' social impact is due to the integration and acceptance by all the Company's stakeholders of the Sustainability Policy and the United Nations Sustainable Development Goals (SDGs) in Técnicas Reunidas. With the aim of implementing best practices and placing the Company at the forefront of sustainability, the Company carries out various activities aimed at generating shared value in the environment in which it operates, increasing its social contribution to local communities, offering solutions linked to the energy transition and collaborating on projects that help the development of vulnerable groups or that aim to raise awareness on matters that contribute to sustainable development.

Stakeholders are at the centre of the sustainability strategy and comprise all activities, both corporate and operational. Técnicas Reunidas' objectives and lines of action encompass environmental, social and governance aspects, providing added value and increasing the positive impact, while avoiding, mitigating and remedying real or potential negative effects, and adapting them across all projects.

To promote the sustainability strategy, Técnicas Reunidas works with the Master Sustainability Plan, approved in 2021. The purpose of this Plan is to define specific and ambitious actions for those material topics for which short, medium and long-term objectives have been established, thus forming a robust and clear governance model in the Company. The Company uses key performance indicators to periodically monitor the performance of the initiatives and to continuously monitor the Plan. This aspect is key to understanding the impact generated by its activity and therefore analyse the effectiveness and results of the actions implemented, measuring the Group's social contribution in the communities in which it operates.

The Company publicly discloses the progress of the Plan in its Integrated Report and reports to the Company's Board, which supervises the Group's entire sustainability strategy, with the support of the Audit and Control Committee within the scope of its competencies.

Due to its commitment to well-being and the positive impact on society and the environment, TR has been a signatory to the United Nations Global Compact since 2011. In September 2015, the UN launched a roadmap known as the 2030 Agenda, which includes the 17 Sustainable Development Goals (SDGs) to which Técnicas Reunidas is committed; however, due to its activities, the Company focuses on SDGs 7, 9 and 13, i.e., the supply of affordable, safe and non-polluting energy, the construction of resilient infrastructures and the promotion of sustainable industrialisation and innovation, and the fight against climate change, respectively.

In particular, the technical solutions developed by the Company and its actions aim to create value in the environment and in the communities in which it operates:

- Design and build quality, safe and sustainable industrial plants, promoting energy efficiency and universal access to energy services.
- Contribute to the decarbonisation of the economy and preserve the environment through the projects it promotes and in which the Company collaborates.
- Promote the contracting of local suppliers and subcontractors with the aim of generating a positive socioeconomic impact on the environments in which it operates.
- Support local talent and invest in their training.
- Preserve cultural and natural heritage, promoting the efficient management of resources and their reuse where possible.
- Collaborate with institutions in the fields of culture, science, research and education.
- Responsibly manage the risks and opportunities derived from the evolution of the environment, avoiding short-term approaches or those that do not adequately consider the interests of all stakeholders.
- Use the most appropriate channels of communication, participation and dialogue with local communities.

To this end, Técnicas Reunidas applies the following principles in relation to the different territories and communities in which it operates:

- Develop strong links with the communities to establish relationships of trust and forge a sense of belonging to a leading company.
- Adapt the Group's activities to the different countries in which it operates, taking into account each of their different social and cultural realities.
- Strengthen relations with the various local communities, supporting public authorities or relevant social organisations.
- Respect the rights of all people.
- Carry out campaigns that promote the participation of TR's professionals in solidarity actions that have a positive impact on society and the environment.
- Preserve and promote cultural and artistic heritage.
  Support and promote initiatives that contribute to an inclusive, equal and just society.

In all its projects and during the execution phase, Técnicas Reunidas prioritises the identification and management of possible risks associated with local communities, in particular, potential damage to the local environment that may arise from the project. To prevent these or any other risks, the Company has a Social Management Framework that is implemented through policies and action protocols. The Framework allows us to plan the actions required, in which fluid and constant coordination and collaboration with local communities and other local stakeholders (public authorities, partners, suppliers or subcontractors) is critical.

SOCIAL MANAGEMENT FRAMEWORK	
Evaluation and management of social impact	Specific analysis at the bidding phase of the social impact of each project. Obtaining the 'social license' is the client's responsibility.
Projects supporting the local community	Técnicas Reunidas finds out about the needs and expectations of the local community so that it can analyse the ways in which it can support them according to the characteristics of each project.
Continuous monitoring of the local environment	Técnicas Reunidas continuously monitors the local environment, as well as the performance of third parties involved in the implementation of projects, including suppliers and contractors.
Social impact grievance and reparation mechanisms	The Company analyses local regulations to detect possible negative social impacts and make appropriate complaint and restoration mechanisms available to the community.
Dialogue with local communities	The project manager maintains an ongoing dialogue with representatives of the local community throughout the life of the project.

These stakeholders include local communities, which are at the centre of the Group's projects, promoting staff recruitment and training, encouraging social impact and improving their environment, and mitigating any adverse environmental and cultural effect, as included in the Human Rights Policy.

Along with this corporate policy, due diligence procedures are applied to all third parties with which TR has a business relationship, thus avoiding any undesirable issues for the Company, for which it also has a Supply Chain Code of Ethics.

Given the key role played by Técnicas Reunidas' employees in the projects, the suitability of its professionals to the environments in which they operate and their preparation for executing each project is thoroughly analysed. The hiring process and the Social Management Framework allow local hiring requirements to be met and balanced with the need for expatriate labour, within the deadlines established for the successful and timely implementation of the projects.

Some of the social and environmental actions with a positive impact that were carried out in the various projects in 2023 are detailed below:

- Employability of personnel and strengthening of the local business fabric. In 2023, the number of Técnicas Reunidas professionals increased with respect to 2022, reaching 8,490 employees. 49.82% work outside of Spain.
- Técnicas Reunidas has contracted local suppliers and subcontractors, strengthening the positive economic contribution of the area, investing EUR 2,586.56 million, which represents 85% of total procurement and subcontracting expenditure (compared to EUR 3,351.7 million in 2022, 72%).
- Technical and STEM training in the projects aimed at companies, local staff and subcontractors. Social investment in training in 2023 amounted to EUR 2.05 million.
- Facilitating access to energy and the creation of infrastructure in the projects where TR has a presence.
- Development of corporate volunteering initiatives with local communities, with a special focus on vulnerable groups. In 2023, social contributions of EUR 31,714.07 were made within the framework of its projects (compared to EUR 10,834 in 2022[23]). Some of these volunteering programmes and solidarity campaigns were:

    - Handing out food or drinking water in areas where these resources are limited;
    - Renovation work on buildings and surfaces;
    - Delivery of school materials, sports equipment and toys for children.
    - Cleaning of public spaces.

In turn, in 2023, Técnicas Reunidas increased its positive impact on society, raising the workforce's awareness in aspects of participation, humanitarian aid and human rights, etc. One example of this is the multiple reports supporting social actions such as collecting food and clothing or encouraging blood donations with the Red Cross. The most noteworthy initiatives promoted from the TR headquarters in Madrid are as follows:

- Técnicas Reunidas allocated EUR 267,880.50 to foundations and non-profit organisations in 2023 compared to EUR 187,380.51 in 2022 (an increase of 43%).
- The Company has collaborated in the food collection organised by Cáritas by carrying out an internal dissemination campaign and making the organisation's facilities available so that professionals can participate.
- The Company has carried out a major external communication campaign, participating in numerous employment forums, working on the search for present and future talent, paying special attention to and highlighting the important role played by women in the sector.
- In 2023, within IndesIA, Técnicas Reunidas led the design and development of a Mentoring Programme with the School of Industrial Engineers of the Polytechnic University of Madrid.
- As part of its commitment to innovation and young talent, in 2023 Técnicas Reunidas participated as an Innovation Partner in Hunger4innovation, an innovation competition in which university students in Spain work on a challenge in the Company-s business to offer disruptive solutions and be agents of change.

15.7.2. <u>Partnership or sponsorship actions</u>

Técnicas Reunidas develops its social action through four lines of work: education, social and business initiatives, culture and science and research. The initiatives carried out in each of these areas are proof of its commitment in this area and are deployed through numerous activities and projects.

To carry out this social work, the situation is located and assessed before starting the work with other organisations, sharing objectives by studying the opportunity to collaborate, both financially and through other instruments, such as participating in working groups or forums, but ruling out any type of associations, partnerships and economic contributions to political parties.

[23] The sharp increase in social contributions in the framework of the projects (+193%) is due to the start-up of projects in Mexico, where strong social action is carried out.

Main organisations Técnicas Reunidas collaborates with

- **Promotion of business and entrepreneurial activity**

- **Commitment to social action by Técnicas Reunidas**

- **Culture**

- **Science and research and education**

Técnicas Reunidas collaborates with various leading organisations in the field of sustainability, such as the United Nations Global Compact, Fundación Seres, Forética, Carbon Disclosure Project and the Sustainability Excellence Club.

At the sector level, TR collaborates with various associations and organisations that promote transparency and responsibility, related to the Company-s business activities by promoting its business and entrepreneurial activity.

In the area of association and sponsorship, the main risks are those derived from the possibility that improper actions by a third party could generate reputational problems for the Company. To avoid any type of contingency in this regard, TR carries out due diligence procedures in these types of activities, assessing in each specific case whether the organisations with which TR works could be detrimental to the Company and regulating these actions and many others through its Code of Conduct.

15.7.3. Subcontracting and suppliers

TR's subcontractors and suppliers play an important role in TR's value chain, mainly during the procurement and construction phases of industrial plants that, due to their large scale, require the participation of a large number of workers from suppliers and subcontractors to be implemented.

To manage this complex supply chain, TR has a management framework governing the two main areas responsible for the supply chain: the Procurement area (responsible for purchases from suppliers of materials and equipment) and the Construction area (responsible for construction and assembly subcontracting).

Técnicas Reunidas' main aim in managing its supply chain is thus to achieve competitive procurement of materials, equipment and assembly services in line with the standards demanded by the sector. Another key aspect for the Company is that its supply chain must be in line with its values and meet the highest standards. Therefore, both suppliers and subcontractors must adhere to the Supply Chain Code of Ethics through the eSupplier Portal. This Code of Ethics describes the standards of conduct expected of these third parties and establishes a series of detailed requirements in matters such as health and safety, the environment, ethical and integrity principles, social, employment, and human rights protection, and includes specific requirements in line with ISO 14001, such as compliance with environmental regulations and sustainability reporting.

To strengthen the integrity of the supply chain and mitigate potential associated risks, the Company has had a Third-Party Integrity Assessment Policy and Procedure in place since 2021 that describes and regulates the integrity analysis before entering into any business relationship. This strict due diligence process includes the assessment of risks regarding security, the environment, social matters, integrity, human rights (based on the framework of the United Nations and the International Labour Organisation), international corruption lists, money laundering, terrorist financing or a lack of confidentiality policies. This Policy establishes different levels of preliminary risk that give rise to differentiated integrity analyses: standard, enhanced or very enhanced.

Given the strategic nature of carrying out these integrity analyses of suppliers and subcontractors, internal KPIs were established in 2023, linked to the implementation of the Due Diligence Policy, for monitoring and control purposes.

In addition, to increase security and prevent potential risks in the supply chain, Técnicas Reunidas expressly regulates the subcontracting of work and services to significant suppliers and subcontractors through clauses included in the corresponding contracts.

The risks in the supply chain include production risks (which are minimised through exhaustive monitoring of the progress of work), financial risks (managed through an assessment before awarding contracts) and those associated with lack of quality (which are controlled through monitoring during the execution of the work).

In addition, in recent years as a result of Covid-19, there was a particular increase in risks related to delays or cancellations of projects and delivery of materials, and the impact on execution costs and commercial conditions of construction work. This had less of an impact on most projects in 2023. Nevertheless, the Company's supply chain management has been exposed, especially in terms of inspection activities, workshop visits and logistics. In particular, the main impacts were an increase in the price of land transport from the place of origin to port, mobility restrictions, reduced availability of personnel, quarantines and delays.

The Russia-Ukraine conflict has also increased the production cost of certain industrial materials, increasing the risk involved in the execution of turnkey contracts. Along these lines, the high volatility of raw material and energy prices has had an impact on the economic and operational viability of projects, and on new investments; for example, it has meant that construction solutions such as heating and hoarding and the like are no longer viable. In addition, it has also had a localised effect on some projects in areas close to the conflict due to labour shortages.

It should be noted that the level of activity in the sector and the number of projects worldwide rose significantly in 2022 and 2023. This leads to a greater shortage of available subcontractors to execute the projects, means that orders exceed the capacity of suppliers, and results in greater competition for technical resources, which entails significant risks in the execution of the projects both in terms of time and cost.

However, this complex situation has highlighted the creativity, responsiveness and commitment of the different teams involved in the management of the Company's purchases and subcontracting, as well as that of clients, subcontractors and suppliers. As a result, TR has been able to strengthen its operations and improve the efficiency of its processes thanks to the way in which the response to this exceptional situation has been handled. The main actions to adapt the supply chain and project implementation to the effects of Covid-19 and the management of the impacts from the Russia-Ukraine conflict are detailed below:

- Issuance of work instructions to all project teams to facilitate archiving, transfer of documentation, support and evidence, between the departments that detect the impact and the departments that manage them.
- Improvement of the tool to detect risks and impacts at an early stage.
- Hedging through the purchase of futures and financial entities to insure nickel, copper, silver and palladium.
- Implementation of price review formulas for the purchase of metal structures.
- Early identification of all costs incurred due to Covid-19.
- Technical and commercial agreements with suppliers.
- Expansion of the list of suppliers to those not located in the conflict zone or maximisation of work in prefabrication workshops and their subsequent transfer to projects.
- Reinforcement of internal communication and coordination.
- Ongoing communication with subcontractors to adapt the contractual terms (subject to customer authorisation) and manage any unforeseen circumstances.
- Negotiation of new terms and agreements with subcontractors.
- Acceleration of the Company’s digital transformation process (continuous improvement and development of advanced digital platforms for project management, the digitisation of processes and the promotion of remote inspections, among others).
- Finding logistics containers within the same country of origin to ensure supply to the site.
- Slowing down the awarding of logistics services contracts in projects close to the start of the execution phase, to avoid contractual commitments that would force the project to operate with transport costs affected by the volatility of the markets.
- Coordination of the real need for materials on site between procurement and construction to assess potential delays and avoid extra transport costs.

In addition to the tools mentioned above, TR has a worldwide database of 29,197 material suppliers and construction subcontractors (in 2022 it had 28,145), of which 2,161 suppliers and 1,138 subcontractors have already been approved by the Company (compared to the 1,983 suppliers and 1,151 subcontractors approved in 2022). This global platform with updated information allows the Company to mitigate the risk in the selection of suppliers and subcontractors from the financial, performance and quality points of view, among other aspects.

Due to the nature of its business, each year the Company handles high volumes of purchases and subcontracts. In 2023, the total spending on purchases from suppliers of materials and subcontracts stood at EUR 3,027 million. The number of employees of construction subcontractors assigned to TR projects exceeded 35,926 workers on average (and 40,479 workers at peak times).

These two areas manage the TR supply chain in accordance with five axes:

- Constant innovation in the management of the supply chain.
- Presence of rules and regulations in all processes (bidding, award and management).
- Development of annual internal strategic plans in line with TR's overall objectives and responding to the business context.
- Existence of an Integrated Management System that enables both individual and global evaluation and monitoring of suppliers' and subcontractors' performance.
- Centralised contract award system that ensures transparency throughout the award procedure for suppliers and subcontractors.

In line with the above, TR also continues with the digitalisation of the area's processes to optimise the work carried out. The digitisation of the Third-Party Integrity Assessment procedure was consolidated and integrated into all the processes for updating and creating new documentation. As a single advanced repository, it allows the compliance documentation between the Company's various areas to be centralised and managed from a single point. These advances optimise the visualisation of the workload assigned to each party, the status of documentation and document searches. A scorecard has been optimised for control, monitoring and reporting purposes. In 2023, due to the high number of Integrity Reports, alerts were set up to help the teams identify those reports that had yet to be issued.

In 2023, the Company also began developing AI-driven predictive models to improve decision-making and efficiency in various processes, which are expected to be launched in 2024.

In terms of cybersecurity, the training campaigns continued in 2023 for all personnel in significant areas in cybersecurity with content that is constantly updated, thus allowing security in this area to be continuously strengthened. After the data was gathered in 2023, the objectives set for 2024 are to initiate the process of categorising the supply chain in terms of cybersecurity and privacy through the e-Supplier tool and to launch cybersecurity training campaigns for users of strategic suppliers, thus strengthening cybersecurity in the supply chain.

In addition, the security of third-party access to our Smat tool has been strengthened by establishing an approval protocol and creating a centralised register of all users with access, the dates on which access was granted and withdrawn, and the definition of their roles and permits, all of which are set out in a specific internal procedure.

As described in at the start of this section, TR considers social and environmental responsibility as part of its relationships with its suppliers and subcontractors. These aspects are not only considered in the approval process, but are kept in mind throughout the relationship with suppliers, monitoring their compliance. After the delivery of the supply or completion of the assembly services, the performance of the supplier and the subcontractor are assessed in accordance with various aspects. The results of evaluations are disclosed and serve as a reference in identifying improvement actions. Safety and environmental performance are two of the aspects included in Técnicas Reunidas' evaluations. Since 2014, the Company has implemented the use of a specific checklist for health, safety and environmental conditions at the workshops, which is filled out by inspectors during their visits.

As part of the implementation of the Sustainability Policy, the Procurement Area carried out the following actions in 2023:

- Gather ESG (Environment, Social and Governance) data, included in the pre-qualification questionnaires (e-Supplier) since 2022.
- Start the classification of suppliers as regards ESG Sustainability.

The actions described above reinforce the consideration of ESG criteria within the processes related to the supply chain and reaffirm TR's commitment to improve its social and environmental performance.

Similarly, subcontractors undergo monitoring during the execution of the work to ensure compliance with all contractual requirements.

These audits involve the inspection of all work performed by the subcontractor, which is only accepted once Company inspectors have verified that it has been carried out in accordance with the project designs and specifications. The verification of corrective actions is a regular practice during these inspections, which is documented in detail in the quality dossiers submitted to the client.

In the event that TR detects an environmental, social or ethical deviation, this is then studied in detail. Depending on the type of deviation and its severity, the supplier or subcontractors is required to take corrective and preventive action, and if the deviation is serious, blacklisting may be considered for new tenders or contract awards.

In 2023, a total of 310 HSE audits were carried out (1,520 were carried out in 2022), of which 289 (93%) were completed successfully (compared to 1,430 in 2022) and 21 (7%) were not completed successfully (90 were not passed in 2022). All audits featuring incidents will be appropriately addressed by TR with the implementation of improvement plans. The decrease in HSE audit indicators in 2023, 80% compared to the previous year, is due to a change in the criteria for HSE assessments in 2023 to maximise the Company's efficiency, focusing the HSE sampling on the facilities of the most representative vendors and, therefore, with a greater presence of their staff. The criteria for gathering data are adjusted for taking a sample at those facilities where the decision has been made to implement resident inspectors in the seller's facilities.

In addition, the Company carried out, as it does every year, an assessment of the supply chain according to social and environmental criteria. In 2023, a total of 1,448 suppliers were assessed based on both social and environmental criteria (1,529 in 2022). The reduction between periods (5%) stems from the implementation of two new subcontractor integrity due diligence processes, which include both social and environmental criteria, prior to the procurement process. The new assessment processes implemented were the Integrity Due Diligence Report (IDDR) and World-Check One. In no case were significant impacts identified in the supply chain in relation to these issues.

15.7.4. Consumers

Técnicas Reunidas does not have consumers, as the concept of this term is defined in Spanish regulations.

The Company evaluates 100% of its projects from the point of view of health and safety, protecting its collaborators at all times. Up to the time of delivery, TR ensures that its projects meet both its own health and safety standards, and those required by the customer and applicable law, which is included in the Safe Start-Up Plan.

To guarantee the health and safety of its customers, TR carries out its projects, where appropriate, at sites owned by the customers, who normally start operating the plant once it has been delivered, with the customer assuming responsibility for the health and safety of its own workers.

As regards the systems for claims, complaints received and their resolution, customers have ongoing dialogue with the manager of each specific project, and they also have the possibility of communicating with members of the Operations department. The manager of each project is responsible for receiving any complaints that clients may wish to report to the Company. The Company assesses (in each case with the collaboration of the necessary internal and/or external personnel) the merits of the claim and complaint and approves the measures required for its resolution.

In addition, all contracts signed by the Company with its clients establish mechanisms and procedures for conflict resolution that are fully adapted to the circumstances of each client and project. Similarly, customers have at their disposal, as any other business partner, the Internal Reporting System of Técnicas Reunidas.

TR’s risks relating to the management of its customers are included in the general risk procedure and, among many other mitigation mechanisms, they focus on adequate communication with the customer for the correct execution of the projects. This communication must take place from the bidding phase, clearly defining their needs and the terms of the Company's proposal, through to the full completion of the project. Improper management of a client by the Company can lead to delays in execution, the application of penalties and, ultimately, the rescheduling or cancellation of the project. Similarly, there may be occasional and external cases, such as the COVID-19 virus or the current Russia-Ukraine conflict, which, on an exceptional basis, may make it difficult to execute the projects and lead to delays or even their cancellation.

- The Sustainability Policy establishes the Group’s principles of conduct to understand the needs and expectations of its customers and to offer them the best solutions, with the aim of always taking care of and increasing customer satisfaction, strengthening their link to the Group. The following principles of conduct are therefore adopted:

- Provide advanced technical solutions that enable clients to have sustainable and efficient industrial plants to develop the best sustainability policies and achieve their objectives.
- Pursue continuous improvement of the services it provides to its clients in the different countries in which it operates
- Monitor the quality of the service provided to its clients.

Técnicas Reunidas applies the same due diligence procedures with its clients as it does with the other third parties with which it operates, which it classifies as high, medium or low risk third parties.

15.7.5. Tax information

The body or office responsible for tax strategy is the Audit and Control Committee, which has approved an Internal Group Tax Risk Manual that establishes the Company’s tax strategy and internal tax risk management procedures. The Manual also includes training actions and internal research plans in this area. The Manual, and thus the tax strategy, is reviewed annually.[24] In addition, in 2022 the Company adhered to the Code of Good Tax Practices developed and approved by the Large Companies Forum to promote a reciprocally cooperative relationship between the Tax Agency and the companies that subscribe to it.

In addition, the Group prepares tax strategies at the bidding stage of projects to minimise the risks that may arise. These strategies are defined with the help of local advisors in all markets, including those that are customary for the Group. In any case, these tax strategies are prepared in accordance with the applicable legal frameworks and taking into account the Group's business strategy.

The Group operates in countries where it carries out a single project or a set of projects for the same client, and therefore information broken down by country may prejudice the commercial and implementation interests of the projects. The data are presented aggregated by geographical area using the same criteria used for different financial indicators presented in the consolidated financial statements.

On the other hand, as it is aware of its tax liability and the complexity of its operations, the Company has launched a tax model based on BEPS value chain criteria that seeks to correctly allocate taxation in those jurisdictions where value is created.

- **Contribution by geographical area to the consolidated income statement before taxes**

	Profit/(loss) before tax in thousands of euros	
Geographical area	**2022**	**2023**
America	103,054	10,281
Asia	16,166	53,738
Spain	(120,832)	164,569
Europe	5,049	56,314
Mediterranean	1,034	1,552
Middle East	(22,895)	(182,707)
Total	**(18,424)**	**103,748**

** The results by region represent their contribution to consolidated profit before tax prepared in accordance with EU-IFRS and include, among other consolidation adjustments, the elimination of all intercompany transactions. These results are therefore not representative of the taxable amounts in each region. The results of the Spanish companies that make up the Group but are accounted for using the equity method are not included. The amounts not taken into account amount to EUR 416 thousand (EUR 110 thousand in 2022) in losses.*

Countries with earnings in the year by geographical area:

[24] For more information on the approach to tax risks, please refer to sections E.1 and E.2 of the Group's Annual Corporate Governance Report, accessible via the following link https://www.tecnicasreunidas.es/es/sostenibilidad/certificados-y-documentos/

America: Argentina, Bolivia, Canada, Chile, Colombia, Dominican Republic, Mexico, Peru and the United States.

Asia: Australia, Bangladesh, India, Indonesia, Kazakhstan, Malaysia, Singapore and Thailand.

Europe: Belgium, Finland, France, Great Britain, Italy, the Netherlands, Poland and Portugal.

Spain: Spain.

Mediterranean: Algeria, Morocco and Turkey.

Middle East: Abu Dhabi, Saudi Arabia, Azerbaijan, Bahrain, Jordan, Kuwait, Oman, Qatar.

- **Corporate income tax paid**

	Income tax paid in thousands of euros*	
Geographical area	**2022**	**2023**
America	3,391	29,501
Asia	4,421	4,707
Spain	-	-
Europe	824	7,739
Mediterranean	1,671	1,320
Middle East	5,780	4,061
Total	**16,088**	**47,329**

** Information calculated on the basis of tax criteria. These data may include payments associated with deferred liabilities under IFRSs settled locally in 2023.*

Government grants received: EUR 4,405 thousand (compared to EUR 2,811 thousand in 2022).

15.8. About the non-financial information statement

By means of this Non-Financial Information Statement, Técnicas Reunidas responds to the requirements of Spanish Law 11/2018, of 28 December and Delegated Regulation (EU) 2021/2178. This report has been prepared with reference to a selection of indicators of the GRI Standards identified in the table in compliance with Law 11/2018, of 28 December and taking as a reference the recommendations of the IIRC framework for integrated reporting.

In relation to the scope of this report, it includes all companies in TR's financial scope of consolidation, included in Appendices I and II of the consolidated financial statements. Where there are significant changes in this regard, a clarification note will be included.

To design the contents of this report and select the most relevant aspects, TR has conducted a materiality analysis that has allowed it to identify material aspects to be reported to its stakeholders (see the section on stakeholders on pages 187-188 of the Técnicas Reunidas 2022 Integrated Report), and to meet the requirements for reporting non-financial information based on current regulations.

To determine its material topics, Técnicas Reunidas performed a materiality analysis, the process of which is as follows:

1. Identification of material topics

- Review the material topics identified in the last year reported and those identified by the GRI Standards.
- Analyse the financial and sustainability reports of other companies.
- Hold meetings with investors.
- Monitor the most relevant topics for the ESG proxy advisers and analysts through the questionnaires.
- Gather the opinions of other stakeholders: meetings with senior executives, customer requests, assessment of regulations, assessment of suppliers and subcontractors, working groups with employees, etc.
- Analyse the Sustainable Development Goals and identify trends.

2. Assessment and prioritisation of material topics

- Allocate a priority order to each of the topics identified in the previous stage based on interviews with executives of Técnicas Reunidas.

3. Materiality matrix and content development

- Develop a materiality matrix that prioritises topics based on the importance for stakeholders and for Técnicas Reunidas
- Identify the content requested by the GRI Standards to respond to and develop content in the Integrated Report.

On the other hand, in all aspects that are not material for TR, this report addresses the management approach but does not give detailed information on KPIs or other quantitative indicators, given that these are not considered as representative of the Group's activities. These non-material aspects for the Company required by law are as follows: light and noise pollution, water consumption, food waste and biodiversity. In relation to this aspect, it should be noted that the Company has not considered it necessary to update its materiality analysis in 2023 as it has not identified any new demands from its stakeholders and its activity has remained stable.

In addition, TR has prepared a traceability analysis that links aspects of the law with the associated GRI contents, published by the Company. In conclusion, Técnicas Reunidas presents the information provided in the following table (Table of compliance with Law 11/2018, of 28 December - GRI) for the period from 1 January 2023 to 31 December 2023 using a selection of indicators from the GRI Standards as a reference[25].

See the table of contents in the table attached below:

Table of compliance with Law 11/2018, of 28 December - GRI

Content	Section	GRI	
		GRI standard	Content
Business mode			
• Business environment, organisation and structure, and business model	15.1.1-15.1.4	GRI 2: General disclosures	2-1 Organisational details 2-6 a., b. i, b ii., c Activities, value chain and other business relationships
• Markets in which the Company operates	15.1.4	GRI 2: General disclosures	2-1 Organisational details 2-6 a., b. i, b ii., c Activities, value chain and other business relationships
• Objectives and strategies	15.1.6	GRI 3: Material topics	3-3 Management of material topics
• Factors and trends affecting the evolution	15.1.5	GRI 3: Material topics	3-3 Management of material topics
• Policies	15.2 / Section associated with each aspect of the Law	GRI 3: Material topics	3-3 Management of material topics
Risks	15.2 / Section associated with each aspect of the Law	GRI 3: Material topics	3-3 Management of material topics
Key performance indicators	Section associated with each aspect of the Law	GRI 3: Material topics	3-3 Management of material topics

[25] Statement of use made in accordance with GRI 1: Foundation 2021.

Content	Section	GRI	
		GRI standard	Content
I. Environmental issues			
• Effects of the Company's activities on the environment and, if applicable, on health and safety	15.3.1	GRI 3: Material topics	3-3 Management of material topics
• Environmental assessment and certification procedures	15.3.1	GRI 3: Material topics	3-3 Management of material topics
• Resources assigned to prevention of environmental risks	15.3.9	GRI 3: Material topics	3-3 Management of material topics
• Application of the precautionary principle	15.3.1 15.3.8	GRI 3: Material topics	In view of the business activities of the Group's companies, the Group has no assets or provisions for environmental contingencies that could be material with respect to its equity, financial position and earnings.
• Amount of provisions and guarantees for environmental risks	15.3.8	GRI 3: Material topics	
Pollution			
• Measures associated with carbon emissions	15.3.1/ 15.3.2	GRI 305: Emissions	305-5 a. Reduction of GHG emissions
• Measurements associated with atmospheric, light, noise and other types of pollution	15.3.2/ 15.3.6		Non-material/Air emissions, light pollution and noise are not considered relevant, and they do not generate significant impacts given TR's activity.
Circular economy and waste prevention and management			
• Initiatives for promoting the circular economy	15.3.3	GRI 3: Material topics	3-3 Management of material topics
• Measures associated with waste management	15.3.3	GRI 306: Waste	306-3 Waste generated
• Actions to combat food waste	15.3.4		Non-material
Sustainable use of resources			

Content	Section	GRI	
		GRI standard	Content
• Water: consumption and supply	15.3.5		Non-material
• Raw materials: consumption and measures	15.3.5	GRI 301: Materials	301-1 a. Materials used by weight or volume
• Energy: consumption, measures and use of renewable sources	15.3.5	GRI 302: Power	302-1 a., c.i, e. f. Energy consumption within the organisation
Climate change			
• Greenhouse gas emissions	15.3.2	GRI 305: Emissions	305-1 a, e, g. Direct GHG issues (scope 1) 305-2 a, e, g. Energy indirect GHG emissions (scope 2) 305-3 a, d, f, g Other indirect GHG emissions (scope 3)
• Climate change adaptation measures	15.3.2	GRI 3: Material topics	3-3 Management of material topics
• Emissions reduction targets	15.3.2	GRI 3: Material topics	3-3 Management of material topics
• Taxonomy	15.3.2.1		Regulation (EU) 2020/852 and related Delegated Regulations
Biodiversity			
• Preservation measures	15.3.7		Non-material
• Impacts caused in protected areas	15.3.7		Non-material
II. Social and personnel issues			
Employment			
• Total number of staff and distribution by gender, age, country and professional classification	15.4.1	GRI 405: Diversity and equal opportunities	405-1 b.i and ii. Diversity of governance bodies and employees
• Total number and distribution of employment contract types	15.4.1	GRI 405: Diversity and equal opportunities	405-1 b. Diversity of governance bodies and employees

Content	Section	GRI	
		GRI standard	Content
• Annual average of permanent, temporary and part-time contracts by gender, age and professional classification	15.4.1	GRI 405: Diversity and equal opportunities	405-1 b. Diversity of governance bodies and employees
• Number of dismissals by gender, age and professional classification	15.4.1	GRI 3: Material topics	3-3 Management of material topics
• Average remuneration and its evolution broken down by gender, age and professional category or similar value	15.4.1	GRI 405: Diversity and equal opportunities	405-2 a. Ratio of base salary and remuneration of women to men
• Wage gap	15.4.1	GRI 405: Diversity and equal opportunities	405-2 a. Ratio of base salary and remuneration of women to men
• Remuneration for equivalent jobs or on average for the Company	15.4.1	GRI 405: Diversity and equal opportunities	405-2 a. Ratio of base salary and remuneration of women to men
• Average remuneration of directors and executives	15.4.1	GRI 3: Material topics	3-3 Management of material topics
• Disconnection from work policies	15.4.2	GRI 3: Material topics	3-3 Management of material topics
• Disabled employees	15.4.3	GRI 405: Diversity and equal opportunities	405-1 b.iii Diversity of governance bodies and employees
Organisation of working hours			
• Work organisation	15.4.2	GRI 3: Material topics	3-3 Management of material topics
• Number of hours of absenteeism	15.4.6	GRI 3: Material topics	3-3 Management of material topics
• Work-life balance measures	15.4.2	GRI 3: Material topics	3-3 Management of material topics
Health and safety			
• Occupational health and safety conditions	15.4.6	GRI 403: Occupational health and safety	403-1 a.ii Occupational health and safety management system
• Work-related accidents, in particular their rate and severity, broken down by gender	15.4.6	GRI 403: Occupational health and safety	403-9 a.i, a. iii, a. v Work-related injuries
• Work-related illness, broken down by gender	15.4.6	GRI 403: Occupational health and safety	403-9 a.i, a. iii, a. v Work-related injuries

Content	Section	GRI	
		GRI standard	Content
Labour relations			
• Organisation of social dialogue	15.4.7	GRI 2: General disclosures	2-29 Approach to stakeholder engagement
• Percentage of workers covered by collective agreements by country	15.4.8	GRI 2: General disclosures	2-30 Collective bargaining agreements
• Balance of collective agreements on occupational health and safety	15.4.8	GRI 3: Material topics	3-3 Management of material topics
• Mechanisms and procedures that the Company has in place to promote the involvement of employees in the Company's management, in terms of information, consultation and participation	15.4.7	GRI 3: Material topics	3-3 Management of material topics
Training			
• Policies implemented in the field of training	15.4.4	GRI 3: Material topics	3-3 Management of material topics
• Total number of training hours by professional category	15.4.4	GRI 404: Training and education	404-1 a.ii Average hours of training per year per employee
Universal accessibility and integration of persons with disabilities	15.4.3	GRI 405: Diversity and equal opportunities	405-1 a.iii Diversity of governance bodies and employees
Equality			
• Measures taken to promote equality, equality plans, employment promotion, anti-harassment protocols and non-discrimination and diversity management policy	15.4.5	GRI 3: Material topics	3-3 Management of material topics
III. Respect for Human Rights			
• Application of human rights due diligence procedures	15.5	GRI 2: General disclosures GRI 3: Material topics	2-26 Mechanisms for seeking advice and raising concerns 3-3 Management of material topics
• Prevention of human rights abuses and any measures taken to mitigate, manage and repair possible abuses that have materialised	15.5	GRI 3: Material topics	3-3 Management of material topics
• Complaints of human rights violations	15.5	GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken

Content	Section	GRI	
		GRI standard	Content
• Promotion of and compliance with ILO conventions related to freedom of association and collective bargaining	15.5	GRI 407: Freedom of association and collective bargaining	407-1b Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
• Elimination of discrimination in employment, forced or compulsory labour and child labour	15.5	GRI 3: Material topics GRI 409: Forced or compulsory labour GRI 408: Child labour	3-3 Management of material topics 409-1b Operations and suppliers with significant risk of forced or compulsory labour 408-1c Operations and suppliers at significant risk for incidents of child labour
IV. Fight against corruption and bribery			
• Measures taken to prevent corruption and bribery	15.6.1	GRI 3: Material topics	3-3 Management of material topics
• Anti-money laundering measures	15.6.1	GRI 3: Material topics	3-3 Management of material topics
• Contributions to foundations and non-profit entities	15.6.2	GRI 3: Material topics	3-3 Management of material topics
V. Society			
-The Company's commitments to sustainable development			
• Impact of the Company's activity: employment, local development, local populations and in the area	15.7.1	GRI 3: Material topics	3-3 Management of material topics
• Partnership or sponsorship actions	15.7.2	GRI 2: General disclosures	2-28 Membership in associations
• Engagement with local community representatives, and communication channels in place	15.7.1	GRI 2: General disclosures	2-29 Approach to stakeholder engagement
Subcontracting and suppliers			
• Inclusion in the procurement policy of social, gender equality and environmental issues	15.7.3	GRI 3: Material topics	3-3 Management of material topics

Content	Section	GRI	
		GRI standard	Content
• Consideration of social and environmental responsibility in relations with suppliers and subcontractors	15.7.3	GRI 3: Material topics	3-3 Management of material topics
• Monitoring systems and their results	15.7.3	GRI 3: Material topics	3-3 Management of material topics
Consumers			
• Measures for the health and safety of consumers	15.7.4	GRI 3: Material topics	3-3 Management of material topics
• Claims systems, complaints received and complaint resolution	15.7.4	GRI 3: Material topics	3-3 Management of material topics
Tax information			
• Operating profit by geographical area	15.7.5	GRI 207: Taxation	207-4 b.vi Country-by-country reporting
• Corporate income tax paid	15.7.5	GRI 207: Taxation	207-4 b.viii Country-by-country reporting
• Government grants received	15.7.5	GRI 201: Economic performance	201-4 a.iii Financial assistance received from government

16. Annual Corporate Governance Report and Annual Directors Remuneration Report

The Annual Corporate Governance Report of Técnicas Reunidas, S.A. and the Annual Directors Remuneration Report for 2023 form part of the consolidated directors' report and, from the date of publication of the consolidated financial statements, are available on the website of the Spanish National Securities Market Commission and on the Técnicas Reunidas, S.A. website.

Técnicas Reunidas, S.A. and subsidiaries

Independent Limited Assurance Report on the Consolidated Non-Financial Information Statement for the year ended 31 December 2023

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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT OF TÉCNICAS REUNIDAS, S.A. AND SUBSIDIARIES FOR 2023

To the Shareholders of Técnicas Reunidas, S.A.,

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the accompanying Consolidated Non-Financial Information Statement (NFIS) for the year ended 31 December 2023 of Técnicas Reunidas, S.A. (the Parent) and its subsidiaries (the Group), which forms part of the Group's consolidated directors' report for 2023.

The content of the NFIS includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting, that was not the subject matter of our verification. In this regard, our work was limited solely to verification of the information identified in the "Compliance table Law 11/2018, of December 28 - GRI" table included in section 15.8 of the accompanying NFIS.

Responsibilities of the Directors

The preparation and content of the NFIS included in the Group's consolidated directors' report are the responsibility of the Parent's directors. The NFIS was prepared in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected Global Reporting Initiative Sustainability Reporting Standards (GRI standards), as well as other criteria described as indicated for each matter in the "Compliance table Law 11/2018, of December 28 - GRI" of section 15.8 of the NFIS.

These responsibilities of the directors also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the NFIS to be free from material misstatement, whether due to fraud or error.

The Parent's directors are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFIS is obtained.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020 Madrid.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of Non-Financial Information and, specifically, in information on economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed which refers exclusively to the annual year ended December 31, 2023. We conducted our review in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information, currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements regarding non-financial information statements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance obtained is substantially lower.

Our work consisted of making inquiries of management and the various units of the Group that participated in the preparation of the NFIS, reviewing the processes used to compile and validate the information presented in the NFIS, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Group personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external review.

- Analysis of the scope, relevance and completeness of the contents included in the 2023 NFIS based on the materiality analysis performed by the Group and described in “About the Statement of Non-Financial Information” section 15.8 thereof, taking into account the contents required under current Spanish corporate legislation.
- Analysis of the processes used to compile and validate the data presented in the 2023 NFIS.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters presented in the 2023 NFIS.
- Verification, by means of sample-based review tests, of the information relating to the contents included in the 2023 NFIS, and the appropriate compilation thereof based on the data furnished by the information sources.
- Obtainment of a representation letter from the directors and management.

Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, based on the Delegated Acts adopted in accordance with the provisions of that Regulation, establishes the obligation to disclose information on how and to what extent an undertaking’s activities are associated with eligible economic activities in relation to the environmental objectives of the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems (the other environmental objectives), and in respect of certain new activities included in the climate change mitigation and climate change adaptation objectives, for the first time for 2023, in addition to the information referring to eligible and aligned activities required in 2022 in relation to the climate change mitigation and climate change adaptation objectives. Therefore, the accompanying NFIS does not include comparative information on eligibility in relation to the other environmental objectives indicated above or to the new activities included in the climate change mitigation and climate change adaptation objectives. Also, since the information relating to 2022 was not required with the same level of detail as in 2023, the information disclosed in the accompanying NFIS is not strictly comparable either. In addition, it should be noted that the Parent's directors have included information on the criteria which, in their opinion, best enable them to comply with the aforementioned obligations and which are defined in section 15.3.2.1 "Information regarding EU Taxonomy” of the accompanying Consolidated Non-Financial Information Statement. Our conclusion is not modified in respect of this matter.

Conclusion

Based on the procedures performed in our verification and the evidence obtained, nothing has come to our attention that causes us to believe that the consolidated NFIS of Técnicas Reunidas, S.A. and its subsidiaries for the year ended 31 December 2023 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the "Compliance table Law 11/2018, of December 28 - GRI" table included in section 15.8 of the NFIS.

Use and Distribution

This report has been prepared in response to the requirement established in corporate legislation in force in Spain and, therefore, it might not be appropriate for other purposes or jurisdictions.

DELOITTE, S.L.

Registered in the R.O.A.C nº S0692

Original signed in Spanish by

Antonio Sánchez-Covisa Martín-González

Registered in R.O.A.C nº 21.251

28 de febrero de 2024