

FY 2023 results analysis

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1. Introduction

1.1. Context

2023 has once again been a challenging period filled with uncertainty, requiring the management of continuous change. DOMINION, thanks to its culture, responds positively to changing and uncertain environments, successfully overcoming the various difficulties that arise along the way.

At the macroeconomic level, the last quarter of the year has been marked, among other things, by the Palestinian-Israeli conflict, the blockage in the Suez Canal, the election of Milei, and the hyperinflation process in Argentina. None of these events has had a significant direct impact on the company's activities.

The phenomena that have had an impact on operations and results are related to the increase in interest rates and currency movements. Inflation has also been a present element during 2023. However, the nature of the business and contracts, especially in the Services sector, have allowed this to not have a significant impact on the company's margins.

As outlined in the 2023-2026 strategic plan, DOMINION's ambition is to become a company focused on 100% sustainable activities. During 2023, activities have focused more than ever on waste management, the circular economy, emission reduction, and continuing its historically value proposal: helping its clients make their processes more efficient, which, in the long term, translates into sustainability.

Outside of operational business and regarding the technical aspects of stock trading, DOMINION is aware of the difficulties posed by the low liquidity of the stock, a widespread problem among Spanish Small Caps. Therefore, with the aim of facilitating shareholder trading as much as possible, on February 2nd, DOMINION implemented a liquidity contract with the aim of narrowing the trading spread.

1.2. Inorganic and non-recurrent effects

Corporate operations of the year:

During this year, in March, the acquisition of the Spanish company Gesthidro was completed. Gesthidro is focused on wastewater management, providing margins above the historical average and strengthening the Environmental Services area by integrating a circular economy activity. The price associated with this operation is €5.4 million, plus a variable component based on a multiplier of EBITDA for the years 2023-2025 for 80% of the ownership and a cross-purchase/sale option for the remaining 20%, executable in 2028 and referenced to the EBITDA for the years 2026-2028.

Inorganic effects:

The additional revenue contributed by Gesthidro (for 10 months), the 9-month revenue from ZH Engineers (acquisition in September 2022), and the inclusion of 12 months of the infrastructure business (acquisition in December 2022) represents an inorganic addition to the turnover of +€22.7 million.

Conversely, during the third quarter of the year, the B2B2C business was restructured to maintain or improve its profitability levels. The decision to divest physical retail shops resulted in a reduction in device sales. The inorganic impact on turnover is -€45.6 million.

Therefore, the inorganic contribution to turnover is -€22.9 million (a -2% decrease).

Non-recurrent effects:

These results include extraordinary costs, both negative and positive.

The main negative impact stems from the restructuring of the B2B2C business that occurred within the third quarter of the year, involving an employment regulation procedure at the Phone House company. This restructuring incurred associated extraordinary costs (employee severance payments, compliance obligations, etc.), which negatively impacted the contribution margin of Services, reducing it by €6.5 million.

During this last quarter of the year, this effect is mitigated by some positive effects, mainly associated with successfully resolved provisioned claims, resulting in a net impact for the year of -€5.1 million in contribution margin (and EBITDA).

2. Financial-economic informacion

2.1. Highligths

Sales

Organic growth of sales +5% in constant currency vs FY 2022.

The inorganic growth substracts -2% and the FOREX effect is negative in -1%.

Margins

We maintain **high growth**: **+18% EBITDA**, over FY2022.

Improvement of EBITDA on sales (12.2%) by more than one percentage point, for the first time surpassing 12%.

Income

Net attributable income grows substantially (+43%).

Despite the significant **raise** in **financial expenses** during 2023.

- The business grows in line with the strategic plan in organic terms: +5%.
- There is a strong growth in margins (+18% growth in EBITDA), where profitability reaches high levels, with an EBITDA over sales of 12.2%, 1% higher than the previous year.
- There are extraordinary costs, that are fully aligned with the strategic focus shared in the 2023-26 plan.
- Attributable net profit grows by 43%. In order to carry out a homogeneous comparison, the comparable net profit excludes the profit attributed to minority partners of renewables and discontinued activities, as both concepts were much more significant in 2022 than in 2023. In comparable terms, the generated net profit remains stable, despite the fact that 2023 records much higher Balance expenses.

2.2. Turnover

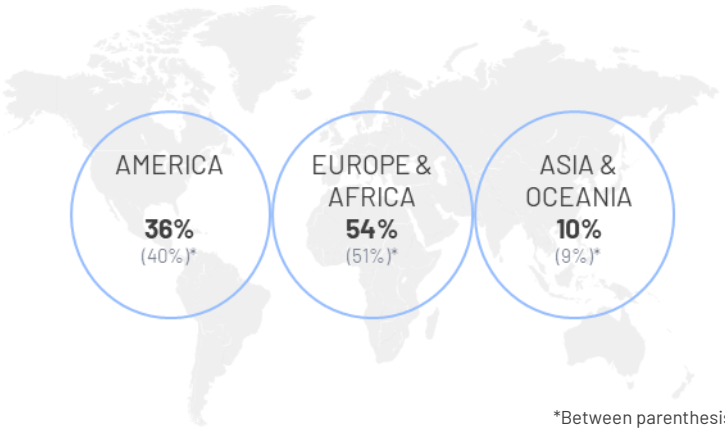
(Millions of €)	FY 2022 proforma	%	FY 2023	%	Recurrent FY 2023 (without one-off)
Consolidated turnover	1,227.5		1,192.6		1,192.6
Comparable turnover	**1,168.4**	**2%**	**1,192.6**	**2%**	**1,192.6**

'Comparable turnover': The turnover from the previous year (2022) has been pro forma adjusted to make it comparable with the current fiscal year. It is the result of subtracting, from the consolidated figure, the electricity sales of the former Alterna (€59 million), as this business ceased operations following the shared customer management agreement with Repsol. For any queries, please refer to the annex for pro forma data.

Dominion closes the year with a turnover exceeding 1,190 million euros, representing a global growth of 2% compared to the previous year's figure.

Of this growth, 5% is organic growth, in line with the strategic plan. Inorganic growth has decreased by -2%, due to higher divestments than investments during the year. And the effect of FOREX at the end of the fiscal year has been negative at -0.9%.

Geographic breakdown of turnover:



*Between parenthesis 2022 data

The activity is growing in all geographies.

The growth of the Telecommunications Services activity in Germany and the transfer of activity from renewable projects in the Dominican Republic (more intensive during 2022) to Spain increases Europe's weight in comparable terms to 2022.

2.3. Operating costs

(Millions of €)	FY 2022 proforma	%	FY 2023	%	Recurrent FY 2023 (without one-off)
Consolidated turnover	1,227.5		1,192.6		1,192.6
Comparable turnover	**1,168.4**	**2%**	**1,192.6**	**2%**	**1,192.6**
Contribution margin	**148.3**	**16%**	**171.5**	**19%**	**176.6**

Strong operating margins, as observed in previous quarters. The contribution margin increases by 16% compared to the previous fiscal year, and by 19% when considering recurring terms (excluding the one-off restructuring).

This operational improvement in margins reflects a greater focus and strategic emphasis on activities with above-average profitability levels, such as Sustainable Services activities, as well as the decline in activities with reduced or zero margins, such as mobile device sales.

2.4. EBITDA

(Millions of €)	FY 2022 proforma	%	FY 2023	%	Recurrent FY 2023 (without one-off)
Consolidated turnover	1,227.5		1,192.6		1,192.6
Comparable turnover	1,168.4	2%	1,192.6	2%	1,192.6
Contribution margin	148.3	16%	171.5	19%	176.6
EBITDA	**123.0**	**18%**	**144.9**	**22%**	**150.0**
% EBITDA on turnover	**10,5%**		**12.2%**		**12.6%**

An EBITDA of €145 million is achieved, 18% higher than the previous fiscal year.

The recurring business EBITDA rises to €150 million, meeting the target set in the strategic plan presented in May, implying a 22% growth compared to the same figure in 2022.

This growth, significantly higher than that on sales, improves profitability by one percentage point over sales figures (12.2% on sales), despite extraordinary costs. This evolution is not only contributed to by operational improvements in the contribution margin but also by the highly optimized central structure of the company, reducing its weight to 2.2% of sales, even under conditions of business growth and cost inflation.

2.5. Depreciation & Amortization

(Millions of €)	FY 2022 proforma	%	FY 2023	%	Recurrent FY 2023 (without one-off)
Consolidated turnover	1,227.5		1,192.6		1,192.6
Comparable turnover	1,168.4	2%	1,192.6	2%	1,192.6
Contribution margin	148.3	16%	171.5	19%	176.6
EBITDA	123.0	18%	144.9	22%	150.0
% EBITDA on turnover	10,5%		12.2%		12.6%
Depreciation & Amortization	**48.5**		**66.1**		**64.3**
EBIT	74.5	6%	78.8	15%	85.7
% EBIT on turnover	6.4%		6.6%		7.2%

The number of amortizations increases by approximately 17.5 million euros compared to the year 2022, due to:

- The amortization of mobile devices from Rentik's renting activity.
- The depreciation of the renewable infrastructures we own.
- The accelerated amortization of property, plant, and equipment due to the restructuring of Phone House's business.

2.6. Financial expenses

(Millions of €)	FY 2022 proforma	%	FY 2023	%	FY 2023 recurrente (sin one-off)
Consolidated turnover	1.227,5		1.192,6		1.192,6
Comparable turnover	1.168,4	2%	1.192,6	2%	1.192,6
Contribution margin	148,3	16%	171,5	19%	176,6
EBITDA	123,0	18%	144,9	22%	150,0
% EBITDA on turnover	10.5%		12,2%		12,6%
Depreciation & Amortization	48,5		66,1		64,3
EBIT	74,5	6%	78,8	15%	85,7
% EBIT on turnover	6,4%		6,6%		7,2%
Financial Expenses	**-15,2**		**-31,6**		**-31,6**
Net financial income-expense	-2,3		-24,0		-24,0
Net foreign exchange differences, fair value measurement and equity in associates	-12,9		-7,6		-7,6

The financial result for 2023 has been €31.6 million, €15 million higher than in 2022.

As has been happening in recent quarters, there is a significant increase in financing costs due to higher interest rates, resulting in a net financial expense €22 million higher. Meanwhile, the comparison with 2022 for equity method and exchange differences yields €6 million positive.

2.7. Net profit

(Millions of €)	FY 2022 proforma	%	FY 2023	%	Recurrent FY 2023 (without one-off)
Consolidated turnover	1,227.5		1,192.6		1,192.6
Comparable turnover	1,168.4	2%	1,192.6	2%	1,192.6
Contribution margin	148.3	16%	171.5	19%	176.6
EBITDA	123.0	18%	144.9	22%	150.0
% EBITDA on turnover	10,5%		12.2%		12.6%
Depreciation & Amortization	**48.5**		**66.1**		**64.3**
EBIT	74.5	6%	78.8	15%	85.7
% EBIT on turnover	6.4%		6.6%		7.2%
Financial Expenses	-15.2		-31.6		-31.6
EBT	59.3		47.2		54.1
Taxes	-12.4		-0.8		-0.8
Ex-renewables minority shareholders	-1.7		-1.0		-1.0
Net Comparable Profit	**45.2**	**1%**	**45.4**	**16%**	**52.3**
% Result on turnover	**3.9%**		**3.8%**		**4.4%**
Discontinued operations	10.9		1.1		1.1
Renewable minority shareholders	3.3		-		-
Net Attributable Result	**31.0**	**43%**	**44.3**	**65%**	**51.2**

'Net Comparable Profit: It refers to the Net profit attributable before discontinued operations and minority interests related to the Renewables business: INCUS, which was present in 2022 and not in 2023 (€3.2 million).

DOMINION achieves a net attributable profit of €44.3 million, increasing by 43% compared to the same period of the previous year.

In comparison with the year 2022, the impact of extraordinary restructuring costs and the increase in balance sheet expenses (depreciation and financial expenses) are offset by:

- A lower corporate tax expense (€0.8 million), due to the application of negative taxable bases and temporary differences.
- Lower minority interests, as the INCUS partner in the renewables area has disappeared, whose stake was bought out with effect from the third quarter of 2022.
- Discontinued operations in 2023 include the results of the Danish company of tall structures, Steelcon, and the Cerritos photovoltaic park, both available for sale. The

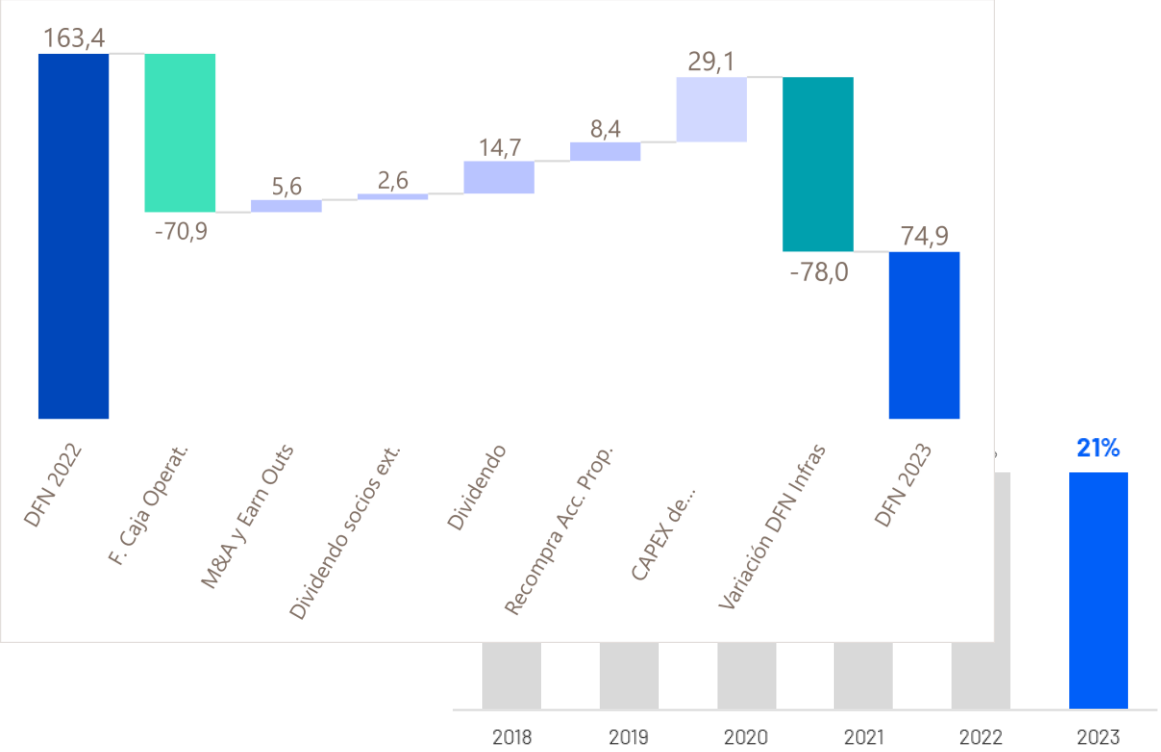
amount of this discontinued operation result has mainly decreased due to the moderation of Steelcon's losses.

2.8. Main movements of Balance Sheet items

(Millions of €)	2022	Variation	2023
Fixed Assets	501.2	14.9	516.1
Infraestructure Assets	251.0	(112.6)	138.4
IFRS16	33.7	4.6	38.3
Net Working Capital	(218.1)	13.1	(205.0)
Total Net Assets	567.8	(80.0)	487.8
Net Equity	308.3	7.7	316.0
Net Financial Debt Ex-Infras	(47.2)	1.8	(45.4)
Net Financial Debt Infrastructure	210.6	(90.3)	120.3
IFRS16 Debt	29.0	4.4	33.4
Others	67.1	(3.6)	63.5
Total Net Equity and Liabilities	567.8	(80.0)	487.8

NFD
74,9 M€
0,5x EBITDA

- Fixed Assets: the increase of +15M€ compared to the same period in 2022 is mainly related to changes in scope due to the integration of the company Gesthidro.
- Infrastructure Assets: removal from the scope of the Cerritos assets, due to their reclassification as 'assets held for sale', and Valdecarretas, due to the effective sale of the asset in December 2023.
- Net Operating Working Capital (NOWC): during the year, there has been a variation of 13M€ in working capital (investment), as a result of movements in different businesses and the impact of exchange rate differences.
- Net Financial Debt: it has been reduced (-88 M€ vs 2022).
    - Ex-Infrastructure Business Position: Closing the year with a net cash position of 45.4M€.
    - Infrastructure Business Position: It decreases by 90 M€ due to the removal from the scope of Cerritos (available for sale) and the sale of the Valdecarretas photovoltaic park, while continuing to invest in new developments.



At the close of 2023, the RONA (Return on Net Assets) has been 21%. The calculation used by the company is as follows:

EBITA / (Non-current assets – Deferred tax assets – Lease liabilities under IFRS16 – Goodwill without disbursement + CNO excluding acquisitions of the current year).

2.9. Net financial debt evolution

DOMINION closed the year 2022 with a level of Net Financial Debt (NFD) of 163M€ and ends 2023 with a NFD position of 75M€. The following table explains the 'bridge' of this evolution:

- Operating cash flow generation of €70.9M, exceeding the €70M target set for 2023.
- Corporate operations: €5.6M was invested in the acquisition of Gesthidro during the year (net of acquired NFD) and payment of earn-outs from previous years.
- Dividend to external partners, totaling €2.6M for the year.
- Dividend distributed to shareholders: in 2023, €14.7M was distributed from the 2022 results. Note that this represented distributing one-third of the comparable net profit, meaning that shareholders did not see their remuneration reduced by extraordinary and one-time effects of minority partners and discontinued activities that did reduce attributable net profit.
- Share buyback: during the year, a total of €8.4M was invested in repurchasing own shares. €5.8M were used to acquire 1.5 million shares that were redeemed in July, providing indirect compensation to shareholders. The remaining €2.6M were used to acquire own shares to design a long-term incentive program for the company's management team.
- Expansion or growth investments: In addition to maintenance or recurring CAPEX, the company allocated €29.1M to expanding its businesses, specifically to develop its pipeline of renewable infrastructure (net of the divestment of the Valdecarretas park) and expanding its mobile device renting business.
- Finally, the classification of the Cerritos wind farm as available for sale, due to offers for its acquisition, resulted in the derecognition of €78M of debt (net of the exchange rate variation effect).

2.10. Free operating cash flow generation

During the year 2023, DOMINION generated an operating cash flow of €70.9M.

Starting from the EBITDA result of €144.9M, the following deductions are made:

- Rental payments, which amounted to €23.3M for the year.
- Payments for recurring CAPEX: Out of the total net CAPEX figure of €42M, €21.4M corresponds to the usual and organic CAPEX necessary for operational maintenance.
- Organic WC variation: Out of the overall net operating working capital variation, €15.1M corresponds to the organic variation, excluding inorganic variation and conversion differences affecting WC that do not correspond to a cash flow.

- Receipts and Payments for financial interests: totaling €28.6M.
- Payments for taxes corresponding to the previous fiscal year, amounting to €10.3M.

3. Business segment highlights

3.1.Sustainable Services

	FY 2022		FY 2023		4Q 2022		4Q 2023
Turnover_	817.8€	+1%	**824.1M€**	**Turnover_**	266.0€	-14%	**227.5M€**
CM(2)_	84.1€	+12%	**93.8 M€**	**CM(2)_**	21.4€	+34%	**28.7€**

Sustainable Services closes the fiscal year with a turnover of €824M. While globally this represents a growth of 1%, organically the growth is 5.5%.

The inorganic effect of the year is concentrated in this business segment; with investments in ZH Engineers and Gesthidro (+€10.7M) and the inorganic/one-off effect of lower device sales following business restructuring (-€45.6M in 4Q). It should be noted that the lower device sales resulting from the business do not have a significant impact on margins.

Regarding its profitability evolution, it achieves a contribution margin of 11.4%, representing a 1% improvement over 2022, thanks to the focus on businesses with higher returns, such as Environmental Services, which provide good margins with their taxonomic activities. Additionally, the decline in activities with reduced or zero margins, such as the sale of mobile devices. And it should be noted that the effect of extraordinary expenses is concentrated in this segment (-€5M), so the recurrent profitability of the segment is even higher (12.0% recurring CM).

During the year, the growth of telecommunications activity in Germany and new opportunities for the creation, installation, and maintenance of data centers in European and Latin American geographies have been significant.

This segment maintains a significant weight on turnover (70%) and increases its weight at the contribution margin level (60%). The recurrence rate remains high, strengthening the defensive nature of the segment.

3.2. 360º Projects

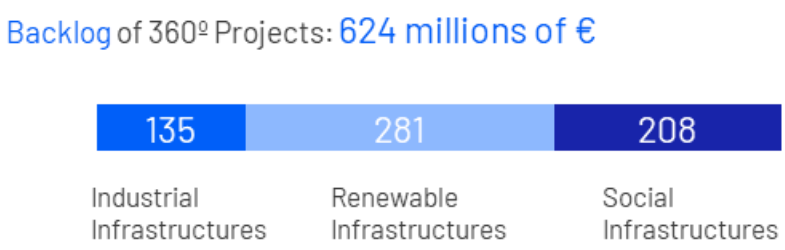
	FY 2022		FY 2023		4Q 2022		4Q 2023
Turnover_	350.6€	+0.2%	**351.2M€**	**Turnover_**	114,3€	-6%	**107,8M€**
CM(2)_	64.2€	+6%	**67.9 M€**	**CM(2)_**	19.4€	-3%	**18.8M€**

360º Projects achieves a turnover of €351.2M, maintaining a steady activity pace compared to 2022 (0.2% growth), with good execution performance throughout the year, according to the expected rhythms.

On a quarterly basis, it has been a fourth quarter of good billing and profitability, in fact, the best quarter of the year, but it should be noted that this figure compares against historically the strongest quarter for the segment (€266M in 4Q 22).

At the contribution margin level, it is observed that sales stability translates, however, into margin growth, as they increase by 6% compared to the previous year; and the contribution margin on sales reaches 19.4%, well above the strategic objective.

The visibility of this segment is based on the backlog, which remains stable, guaranteeing future results. New water management projects in the Latin American environment, industrial projects, and renewable energy projects are being added.



3.3. Stakes in Infrastructures

Status	Project	Location	Technology	MWp	Ownership
In generation	**Santa Rosa**	**Argentina**	**Biomass**	**18**	**100% (Global C.)**
	Santa Rosa	**Ecuador**	**Photovoltaic**	**4**	**100% (Global C.)**
	Valdorros	**Spain**	**Photovoltaic**	**4**	**100% (Global C.)**
	El Soco	**Dominican Republic**	**Photovoltaic**	**79**	**50% (Equity Method)**
Sold	Spain / Valdecarretas		Photovoltaic	38	Renewables Japan Co.
Held for sale	Cerritos	Mexico	Eolic	66	100% (Global C.)
In construction	LATAM		Photovoltaic	281	Equity Method
	EUROPE		Photovoltaic	3	Global C.
In the pipeline	EUROPE y LATAM		Photovoltaic	2,769	Global C.

Project		Location	Tipology	Ownership
In operation	**Antofagasta**	**Chile**	**Hospital**	**15% (Equity Method)**
In construction	Buin Paine	Chile	Hospital	10% (Equity Method)

The Stakes in Infrastructures segment closes the 2023 fiscal year with a turnover of 17.3 million euros and contributes nearly 10 million euros of EBITDA to the traditional business.

In this last quarter, on December 28, 2023, the 100% of the Valdecarretas photovoltaic solar park (Spain) has been sold for a sale price of 37 million euros, which has not generated a significant result after the reduction of its net assets. This fact materializes the strategy of divesting renewable assets. Additionally, DOMINION has closed the financing for the Buin Paine hospital.

The Cerritos wind farm, on the other hand, has progressed during the last quarter with the procedures to connect it to the grid, a prerequisite to execute its final divestment based on the acquisition offers available, so it continues in a held for sale status.

Regarding the situation of the rest of the infrastructures and renewable projects, the pipeline continues to be fed with new developments, which progressively enter the construction phase.

4. Other information

4.1. Shareholder structure

Significant shareholders at FY 2023 are:

Shareholder	Percentage
ACEK Desarrollo y Gestión Industrial S.L.	15.2%
Mikel Barandiarán Landin (CEO)	5.8%
Antonio María Pradera Jauregui (Presidente)	5.7%
Indumenta Pueri S.L.	5.6%
Corporacion Financiera Alba	5.6%
Elidoza Promocion de Empresas	5.6%
Mahindra & Mahindra	4.2%

This implies a free float of 51%.

4.2. Shareholder remuneration

- Share buyback: During the year 2023, DOMINION repurchased a total of 1.5 million shares for amortization purposes, amounting to an investment of 5.8 million euros, which were amortized in July 2023.
- With the net result from continuing operations and the average number of shares for the year, the EPS for the year 2023 amounts to €0.303 per share.
- The General Shareholders' Meeting approved, in the session held on April 26, 2023, in the first call, the distribution of one-third of the company's "comparable" net profit for the year 2022, which amounted to €0.986 per share (compared to €0.876 per share in the previous year).
- The company will propose to the 2024 Annual General Meeting the distribution of one-third of the net profit for the year 2023 as a dividend, which would amount to a distribution of €15.1 million.
- Estimated Dividend Yield (based on the share price on December 31, 2023): 0.099/3.36 = 2.94%