RESULTS REPORT

1H 2023
RESULTS

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DURO FELGUERA

Results report
1H 2023

1. Main figures and highlights for the period

	1H 2023	1H 2022 (*)
Revenue	141,056	54,789
EBITDA	6,474	7,030
EBIT	3,805	358
Profit attributable to the parent	1,565	1,371
Net debt	(131,455)	(117,906)
Order intake	160,010	42,144
Order backlog	564,520	323,049

€ thousand

(*) Figures presented for comparative purposes

The global economy showed signs of resilience in the first half of 2023, with continued growth despite the impact of Covid-19, considered to be over in the first quarter of the year, and the negative impacts of the war in Ukraine, which led to steady increases in oil and gas prices and supply chain disruptions for certain capital goods and commodities.

Higher energy and commodity prices pushed up inflation. Despite having eased in recent months, inflation is still above the targets of regulators, who adopted contractionary monetary policies with high interest rates.

Meanwhile, world economic growth, coupled with lower wage increases than inflation, resulted in extraordinarily tight labour markets and, in turn, a labour shortage in several key economic sectors.

Despite a macroeconomic scenario rife with challenges, Duro Felguera stayed on the road map drawn up at the end of 2022 and included in the business plan presented to shareholders and investors in March this year.

The business plan calls for over €1,000 million of order intake and revenue in four years, enabling the Company to move on from a phase of viability to one of growth and expansion. Higher sales and order intake bode well for considerable increases in the Company's EBITDA and profit, leaving room to pay down approximately €90 million of loans and borrowings over the same period.

Duro Felguera's strategy in 2023 and beyond is predicated primarily on the operational transformation of processes, with a focus on projects and sustainable growth in all business areas. Specifically, the Company has outlined 10 strategic guidelines:

1. Strengthen Duro Felguera, with a focus on growth and transformation as key drivers.
2. Boost profitability by cutting costs and gearing efforts towards cash generation.
3. Deliver excellence in execution of existing project, with quality, timeliness and margins as core pillars.
4. Raise order intake, with targets of doubling new orders and increasing sales by 2.5x.
5. Achieve a more dynamic Company through optimised and more efficient work methods resting on teamwork and streamlined and improved processes all with continuous improvement.
6. Foster a positive attitude, improving the working environment and increasing the satisfaction of everyone who make up the Company.
7. Focus on projects with wider and better cross-cutting support of key processes, spearheaded by project managers.
8. Optimise the management, resolution and outcome of legacies and lawsuits.
9. Reduce risks and improve the management of threats and opportunities.
10. Promote talent, leadership and people development .

Revenue in the first half of 2023 totalled €141,056 thousand, 157% higher than in 1H 2022 and 20% higher than in FY 2022 (€117,185 thousand), driven mainly by higher sales in the Services business line.

Operating profit rose from €358 thousand in 1H 2022 to €3,805 thousand in 1H 2023, marking a vast improvement from the trend seen in recent years and showcasing the Group's efforts despite the challenging geopolitical environment.

Order intake during the period amounted to €160 million, up 282% year-on-year from €42.1 million in H1 2022. The order backlog at the end of the first half of 2023 stood at €564.5 million, mostly comprising international projects.

The Group had €131.5 million of net financial debt at 30 June 2023, with €144 million of gross debt and €12.6 million of cash.

Average headcount for the Group went from 1,292 employees at 31 December 2022 to 1,340 employees at 30 June 2023.

From an equity standpoint, the parent company did not fall within any of the grounds for dissolution at 30 June 2023, despite having negative equity of €131 million (30 June 2022: €145 million):

Firstly, because profit participating loans are treated as equity for company law purposes with respect to capital reductions and liquidations. As at 30 June 2023, the amount of all profit participating loans agreed under the refinancing agreement was €119 million (€100 million with FASEE, €13 million with banks and €6 million with the regional government of Asturias, via the SRP).

Secondly, this year and next, by law, the losses reported for 2020 and 2021 will not be included in application of article 363.1.e) of the Consolidated Text of the Spanish Corporate Enterprises Act (Texto Refundido de la Ley de Sociedades de Capital) as amended by Royal Decree Law 20/2022, of 27 December, on measures to address the economic and social consequences of the war in Ukraine.

Considering the amount of profit participating loans arranged by the Group and not counting the loss of €171 million reported in 2020, as allowed under RDL 20/2022, the parent company's equity for company law purposes amounts to €159 million, as shown in the following table:

(€ thousand)	
Equity of the parent company at 30 June 2023	(131,262)
Profit participating loan, FASEE	100,000
Profit participating loan, regional government of Asturias SRP	6,000
Profit participating loan, banks	13,000
Loss in 2020 attributable to the parent	171,172
Equity of the parent company at 30 June 2023	158,910

Regarding efforts to bring in a new investor, on 21 September 2023, Duro Felguera fulfilled the obligation to sell 60% of the share capital of EPICOM, S.A. (Note 17). Accordingly, Duro Felguera complied with the Resolution of the Council of Ministers of 4 July 2023 requiring this disposal as a preliminary condition for authorising the subscription by foreign investors for the share capital increase agreed on at the General Meeting held on 13 April 2023.

After the sale, on 22 September, FASEE approved the Management Agreement with Duro Felguera, S.A. This enabled it to continue complying with the conditions precedent for disbursement of the loans earmarked for the investor, Grupo Promotor de Desarrollo e Infraestructura, S.A. de C.V. and Mota–Engil México, S.A.P.I. de C.V.

Application for this disbursement will be made immediately once the conditions precedent are met. For their part, the foreign investors must submit an application with the Spanish National Securities Market Commission, the CNMV, for a waiver on launching a takeover bid. The Company must also submit, for approval by the CNMV, the prospectus for the issue of shares (i.e. the registration document and the two securities notes). Once both approvals are given, Duro Felguera's Board of Directors will have to pass a resolution for execution of the share capital increase in exercise of the powers delegated to the Board by shareholders of Duro Felguera at the Extraordinary General Meeting held on 13 April 2023.

2. Statement of profit or loss

Statement of profit or loss	1H 2023	1H 2022 (*)
Total revenue	141,056	54,789
EBITDA	6,474	7,030
EBIT	3,805	358
Net finance income/(cost)	(1,323)	4,240
Share of loss/(profit) of associates	-	(1,689)
Profit before tax	2,482	2,909
Income tax expense	(886)	(1,502)
Profit for the period	1,596	1,407
Non-controlling interests	31	36
Profit attributable to the parent	1,565	1,371

€ thousand

(*) Figures presented for comparative purposes

3. Consolidated statement of financial position

Statement of financial position	As at 30 June 2023	As at 31 December 2022
Intangible assets	2,169	3,216
Property, plant and equipment	26,137	25,847
Investment properties	18,305	18,445
Right-of-use assets	1,035	1,102
Investments accounted for using the equity method	13	20
Non-current financial assets	17,611	7,862
Non-current assets	65,270	56,494
Inventories	8,198	4,706
Trade and other receivables	151,232	118,128
Other current assets	28,027	30,033
Cash and cash equivalents	12,556	24,097
Current assets	200,013	176,964
TOTAL ASSETS	265,283	233,458
Equity attributable to the parent	(134,020)	(142,568)
Non-controlling interests	670	639
Equity	(133,350)	(141,929)
Deferred income	2,857	3,038
Non-current provisions	11	11
Deferred tax liabilities	3,959	2,699
Non-current loans and borrowings	141,426	147,722
Other non-current liabilities	1,236	1,260
Non-current liabilities	149,489	151,692
Current provisions	72,367	75,394
Current loans and borrowings	14,954	8,178
Trade and other payables	153,152	132,045
Other current liabilities	8,671	5,040
Current liabilities	249,144	220,657
TOTAL EQUITY AND LIABILITIES	265,283	233,458

€ thousand

4. Inside information and other relevant information for the period

- On 21 February 2023, the Company announced the execution of a binding memorandum of understanding to bring in as shareholders Grupo Promotor de Desarrollo e Infraestructuras, S.A. de C.V. (Grupo Prodi) and Mota-Engil México S.A.P.I. de C.V. (Mota Engil México).
- On 9 March 2023, the Company announced the call of an Extraordinary General Meeting of Shareholders.
- On 16 March 2023, the Company filed the presentation of the inclusion as shareholders of Grupo Promotor de Desarrollo e Infraestructuras, S.A. de C.V. (Grupo Prodi) and Mota-Engil México S.A.P.I. de C.V. (Mota Engil México) and the growth project.
- On 5 April 2023, the Company announced that the Council of Ministers had authorised updating the Viability Plan of Duro Felguera Group, as required for the process of bringing in Grupo Promotor de Desarrollo e Infraestructuras, S.A. de C.V. (Grupo Prodi) and Mota-Engil México S.A.P.I. de C.V. (Mota Engil México) to the Group's shareholder structure.
- On 10 May 2023, the Company announced the agreement signed with the Romanian natural gas and electricity producer, Romgaz, for the completion of the works at the Iernut combined cycle power plant.
- On 24 May 2023, the Company announced the call of the Annual General Meeting.
- On 10 August 2023, the Company announced that it had received the order to start work on the Iernut combined cycle power plant.
- On 21 September 2023, the Company announced the sale of 60% of Epicom S.A.'s share capital. The sale of EPICOM, S.A. marks a step forward in complying with the conditions precedent for the disbursement of the loans committed by the investor, Grupo Promotor de Desarrollo e Infraestructura, S.A. de C.V. y Mota– Engil México, S.A.P.I. de C.V., and enables the investor to acquire a stake in Duro Felguera.

5. Limitation of liability

This document has been prepared by DURO FELGUERA for exclusive use in presentations for the announcement of the Company's results.

This document may contain forecasts or estimates regarding the Company's business performance and results. These forward-looking statements reflect the opinion and future expectations of DURO FELGUERA, and as such are subject to risks and uncertainties that may cause actual results to be materially different from those expressed or implied.

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6. Contact details

For further information, please contact:

Investor Relations Department

Tel: 900 714 342

E-mail: accionistas@durofelguera.com

Website: www.durofelguera.com

Deloitte, S.L.
Palacio Valdés, 9
33002 Oviedo
Spain

Tel: +34 985 21 98 49
www.deloitte.es

This version of our report 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 our report takes precedence over this translation.

LIMITED REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Duro Felguera, S.A. at the request of the Board of Directors:

Report on the interim condensed consolidated financial statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements (the "interim financial statements") of Duro Felguera, S.A. (the "Parent") and subsidiaries (the "Group"), which comprise the interim condensed consolidated statement of financial position as at 30 June 2023, the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated statement of cash flows and the explanatory notes thereto for the six months then ended. The Parent's directors are responsible for the preparation of the interim financial statements in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting, as adopted by the European Union for the preparation of interim condensed financial information, as provided for in article 12 of Royal Decree 1362/2007. Our responsibility is to express an opinion on these interim condensed consolidated financial statements based on our limited review.

Scope of the review

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

Conclusion

As a result of our limited review, which under no circumstances can be considered an audit of financial statements, no matter came to our attention that would lead us to conclude that the accompanying interim condensed consolidated financial statements for the six months ended 30 June 2023 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union for the preparation of interim financial statements, pursuant to article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

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.

Emphasis of matter paragraphs

We draw attention to the disclosures in Note 2.8, which state that the Group had negative equity and negative working capital at 30 June 2023. This situation implies a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and its capacity to realise its assets for the amounts recognised and meet its financial obligations. As a result of this situation, the Group has been taking steps to optimise its resources and enhance the efficiency of its operations. These efforts are expected to be successful, as is the disposal of the shareholding in an Australian company (Note 17) and the addition of equity investors as explained in Note 2.9, under the terms and conditions approved at the Extraordinary General Meeting of Shareholders held on 13 April 2023. Therefore, the directors of the Parent of Duro Felguera Group have prepared the accompanying interim condensed consolidated financial statements for the six months ended 30 June 2023 on a going concern basis, assuming that the Group's equity and financial ability to address the challenges in executing its business plan and the processes explained in Notes 15 and 16 will be strengthened, particularly with the inflow of funds from the proposed disposals and entry of new investors. Our conclusion is not modified in respect of this matter.

We draw attention to the disclosures in Note 15 regarding the situation of the proceedings related to the criminal complaint filed in 2017 against Duro Felguera, S.A. and others by Spain's Special Prosecutor's Anti-Corruption and Organised Crime Department (Fiscalía Especial contra la Corrupción y la Criminalidad Organizada) citing the potential existence of several alleged crimes, given that in September 2023 a communication was received rejecting the appeal for reform filed by the Group against the transformation ruling. The related appeal was duly lodged with the National Court’s Criminal Division. The Parent’s directors and external advisors consider that a ruling against the Group's interests is remote. However, the probability or extent of the potential consequences will depend, at first instance, on outcome of the appeal filed. Therefore, the final outcome of the process is uncertain. Our conclusion is not modified in respect of this matter.

We draw attention to the disclosures in Notes 15, 16 and 17 of the explanatory notes to the interim condensed consolidated financial statements for the six months ended 30 June 2023 in which the directors explain the key estimates regarding assets, liabilities and contingencies associated with the other tax processes, litigation, arbitration or negotiations. In this regard, uncertainties exist that could affect the final outcome of these proceedings either because they are in the early stages or have not led to any judgment or ruling, or because a final decision on the appeals filed at first instance is pending. Therefore, the amounts or even the outcome of the legal proceedings still cannot be estimated reliably, so the estimates made by the directors could be modified significantly depending on developments. Our conclusion is not modified in respect of this matter.

Lastly, we draw attention to Note 2.1 of the explanatory notes, where it is stated that the accompanying interim condensed consolidated financial statements do not include all the disclosures required in a complete set of consolidated financial statements prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and, therefore, should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022. Our conclusion is not modified in respect of this matter.

Report on other legal and regulatory requirements

The accompanying interim consolidated management report for the six months ended 30 June 2023 contains such explanations as the parent company's directors consider appropriate concerning the main events occurring in the period and their impact on the interim condensed consolidated financial statements presented, of which it is not an integral part, and on the information required by article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the aforementioned management report agrees with the interim condensed consolidated financial statements for the six months ended 30 June 2023. Our work is limited to checking the interim consolidated management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the accounting records of Duro Felguera, S.A. and subsidiaries.

Other matter paragraph

This report was prepared at the request of the Board of Directors of Duro Felguera, S.A. regarding the publication of the interim financial information required under article 100 of the Spanish Law 6/2023, of 17 March, on Securities Markets and Investment Services.

DELOITTE, S.L.

Alicia Izaga

11 October 2023

DURO FELGUERA, S.A.
AND SUBSIDIARIES

Interim Condensed Consolidated
Financial Statements and Management Report
for the six months ended 30 June 2023

This version of our report 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 our report takes precedence over this translation.

CONTENTS OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

Interim Condensed Consolidated Financial Statements and Management Report for the six months ended 30 June 2023 (€ thousand)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)		Note	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
ASSETS				EQUITY AND LIABILITIES			
Property, plant and equipment	6	26,137	25,847	Share capital	8	4,800	4,800
Investment properties	6	18,305	18,445	Share premium and reserves		(77,986)	(82,992)
Intangible assets	6	2,169	3,216	Profit for the period attributable to the parent		1,565	5,006
Right-of-use assets	6	1,035	1,102	Other equity instruments		-	-
Investments in associates		13	20	Valuation adjustments		(62,399)	(69,382)
Equity instruments	4 and 7	17,569	7,822	EQUITY ATTRIBUTABLE TO THE PARENT		(134,020)	(142,568)
Loans and other receivables		42	42	Non-controlling interests		670	639
Deferred tax assets		-	-	EQUITY		(133,350)	(141,929)
NON-CURRENT ASSETS		65,270	56,494	DEFERRED INCOME		2,857	3,038
				Borrowings	7 and 9	141,426	147,722
				Deferred tax liabilities		3,959	2,699
				Employee benefits	10	1,236	1,260
				Provisions for other liabilities and charges	10	11	11
Inventories		8,198	4,706	NON-CURRENT LIABILITIES		146,632	151,692
				Borrowings	7 and 9	14,954	8,178
Trade and other receivables	7	151,232	118,128	Trade and other payables		153,152	132,045
Current financial assets	7	26,115	29,412	Current tax liabilities		2,841	780
Prepayments for current assets		1,912	621	Employee benefits		5,830	4,260
Cash and cash equivalents		12,556	24,097	Provisions for other liabilities and charges	10	72,367	75,394
CURRENT ASSETS		200,013	176,964	CURRENT LIABILITIES		249,144	220,657
TOTAL ASSETS		265,283	233,458	TOTAL EQUITY AND LIABILITIES		265,283	233,458

The accompanying notes 1 to 17 are an integral part of the interim condensed consolidated financial statements.

Interim Condensed Consolidated Financial Statements and Management Report for the six months ended 30 June 2023 (€ thousand)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Six months ended 30 June 2023 (Unaudited)	2022 (Unaudited and not reviewed)
Revenue	3	141,056	54,789
Changes in inventories of finished goods and work in progress		586	122
Cost of sales		(69,421)	(13,166)
Gross profit		72,221	41,745
Employee benefits expense		(44,521)	(34,321)
Amortisation and depreciation	6	(2,411)	(2,521)
Operating expenses		(25,456)	(16,355)
Losses, impairment and changes in trade provisions		2,554	10,741
Impairment and gains/(losses) on disposal of property, plant and equipment	6	1,327	(18)
Other gains/(losses) net		91	1,087
Operating profit		3,805	358
Net finance income/(cost)		(1,323)	4,240
Share of profit/(loss) of associates		-	(1,689)
Profit/(loss) before tax		2,482	2,909
Income tax expense	11	(886)	(1,502)
Profit/(loss) for the period from continuing operations		1,596	1,407
Profit/(loss) for the period		1,596	1,407
a) Profit/(loss) attributable to the parent		1,565	1,371
b) Profit/(loss) attributable to non-controlling interests		31	36
Earnings/(loss) per share (€ per share)			
- Basic		0.02	0.01
- Diluted		0.01	0.01

The accompanying notes 1 to 17 are an integral part of the interim condensed consolidated financial statements.

Interim Condensed Consolidated Financial Statements and Management Report for the six months ended 30 June 2023 (€ thousand)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited and not reviewed)
Profit/(loss) for the period	1,596	1,407
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net gain/(loss) on equity instruments at fair value through other comprehensive income	-	-
Currency translation differences	-	-
Income tax relating to items that will not be reclassified	-	-
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of available-for-sale financial assets	9,747	-
Currency translation differences:		
a) Valuation gains/(losses)	28,276	(164)
b) Amounts reclassified to profit or loss	-	-
c) Other reclassifications	-	(449)
Other income and expenses that may be reclassified to profit or loss:		
a) Valuation gains/(losses)	(28,603)	(7,757)
b) Amounts reclassified to profit or loss	-	-
Income tax relating to items that may be reclassified	(2,437)	-
Other comprehensive income/(loss) for the period, net of tax	6,983	(8,370)
Total comprehensive income/(loss) for the period	8,579	(6,963)
a) Comprehensive income/(loss) attributable to the owners of the parent	8,548	(6,999)
b) Comprehensive income/(loss) attributable to non-controlling interests	31	36
	8,579	(6,963)

The accompanying notes 1 to 17 are an integral part of the interim condensed consolidated financial statements.

Interim Condensed Consolidated Financial Statements and Management Report for the six months ended 30 June 2023 (€ thousand)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the parent						
	Capital	Share premium and reserves [1]	Profit or loss attributable to the parent	Other equity instruments	Valuation adjustments	Non-controlling interests	Total equity
Balance at 1 January 2022	4,800	(105,157)	22,614	-	(60,667)	531	(137,879)
Profit/(loss) for the period	-	-	1,371	-	-	36	1,407
Other comprehensive income	-	-	-	-	-	-	
Total comprehensive income	-	-	1,371	-	-	36	1,407
Transfers between equity items	-	22,614	(22,614)	-	-	-	-
Other changes	-	(449)	-	-	(7,921)	-	(8,370)
Balance at 30 June 2022 (unaudited)	4,800	(82,992)	1,371	-	(68,588)	567	(144,842)
Balance at 1 January 2023	4,800	(82,992)	5,006	-	(69,382)	639	(141,929)
Profit/(loss) for the period	-	-	1,565	-	-	31	1,596
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	1,565	-	-	31	1,596
Transfers between equity items	-	5,006	(5,006)	-	-	-	-
Other changes	-	-	-	-	6,983	-	6,983
Balance at 30 June 2023	4,800	(77,986)	1,565	-	(62,399)	670	(133,350)

(1) For the purposes of this statement, “Share premium and reserves” includes the following equity items on the statement of financial position: Share premium, Reserves, Prior-year profit or loss, Other equity holder contributions, and Interim dividend from the Parent.

The accompanying notes 1 to 17 are an integral part of the interim condensed consolidated financial statements.

Interim Condensed Consolidated Financial Statements and Management Report for the six months ended 30 June 2023 (€ thousand)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited and not reviewed)
Operating activities		
Profit/(loss) before tax	2,482	2,909
Adjustments for depreciation and amortisation	2,411	2,521
Other adjustments to profit/(loss):	(4,274)	(15,446)
Working capital changes	(12,809)	(29,313)
Interest paid	(2,439)	(1,758)
Income tax received/(paid)	-	(36)
Net cash used in operating activities	(14,629)	(41,123)
Investing activities		
Payments for investments		
Property, plant and equipment, intangible assets and investment properties	(277)	(269)
Other financial assets	1,852	(1,054)
Proceeds from sale of investments		
Property, plant and equipment, intangible assets and investment properties	158	-
Other financial assets	3,029	5,102
Other cash flows from investing activities		
Interest and dividends received	-	-
Net cash from investing activities	4,762	3,779
Financing activities		
Proceeds from and payments for equity instruments		
Other movements	-	-
Proceeds from and payments for financial liability instruments		
Issue	-	-
Redemption and repayment	(1,674)	(5,255)
Dividends and interest on other financial instruments paid	-	-
Other cash flows from financing activities		
Other proceeds from/(payments for) financing activities	-	-
Net cash from/(used) in financing activities	(1,674)	(5,255)
Net foreign exchange difference	-	-
Net increase/(decrease) in cash and cash equivalents	(11,541)	(42,599)
Cash and cash equivalents at beginning of period	24,097	88,542
Cash and cash equivalents at end of period	12,556	45,943
Components of cash and cash equivalents at end of period		
Cash and banks	12,287	45,811
Other financial assets	269	132
Total cash and cash equivalents at end of period	12,556	45,943

The accompanying notes 1 to 17 are an integral part of the interim condensed consolidated financial statements.

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Duro Felguera, S.A. (the “Company” or the “parent company”) and its subsidiaries (collectively “Duro Felguera Group” or the “Group”) were incorporated on 22 April 1900 for an indefinite period as a public limited company (sociedad anónima) under the name Sociedad Metalúrgica Duro Felguera, S.A. It changed its name on 25 June 1991 to Grupo Duro Felguera, S.A. and then again on 26 April 2001 to its current name. The parent company’s registered office and headquarters are located in Parque Científico Tecnológico, calle Ada Byron 90, Gijón.

Originally designed as an industrial conglomerate that owned and operated various mines, iron and steel plants, docks and power stations, it subsequently underwent an initial transformation, disposing of its facilities, abandoning most of these activities, and shifting its focus towards the construction, manufacture and assembly of capital goods.

Over the last decade it has geared its business towards a variety of activities, the most important of which is the execution, on behalf of customers, of major turnkey industrial projects around the world. Duro Felguera also provides specialised engineering, assembly and heavy industrial machinery and equipment maintenance services. Lastly, it has manufacturing facilities for large-sale equipment.

Duro Felguera S.A.'s shares are admitted for listing on the Madrid, Barcelona and Bilbao Stock Exchanges.

The financial years of all Duro Felguera Group companies end on 31 December, except for subsidiary Felguera Grúas India Private Limited, whose financial year ends on 31 March.

Duro Felguera, S.A.’s separate and consolidated annual financial statements for 2022 were authorised for issued by the Board of Directors on 29 April 2023 and were approved at the Annual General Meeting held on 27 June 2023.

The accompanying interim condensed consolidated financial statements of the Duro Felguera Group for the six months ended 30 June 2023 were prepared in accordance with IAS 34 Interim Financial Reporting and authorised for issue by the Board of Directors on 29 September 2023, as provided for in article 12 of Royal Decree 1362/2007.

The presentation currency of these interim condensed consolidated financial statements is the euro (€) unless stated otherwise.

2. Basis of preparation and other information

2.1. Basis of preparation

In accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, all companies governed by the laws of a member state of the European Union and whose securities are traded on a regulated market in any European Union country must file consolidated financial statements for periods beginning on or after 1 January 2005 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Group's 2022 consolidated financial statements were authorised for issue on 29 April 2023 by the parent company’s directors in accordance with the International Financial Reporting Standards as adopted by the European Union, applying the consolidation principles, accounting policies and measurement criteria described in Note 2 to those consolidated financial statements, to give a true and fair view of the Group’s consolidated equity and financial position at 31 December 2022, and of its consolidated financial performance and the changes in its consolidated equity and consolidated cash flows for the year then ended.

Interim Condensed Consolidated Financial Statements and Management Report for the six months ended 30 June 2023 (€ thousand)

In accordance with IAS 34, the interim financial report is intended to provide an update on the Group's latest complete set of annual financial statements. Accordingly, it focuses on new activities, events, and circumstances occurring in the first half of the year, and does not duplicate information previously reported in the consolidated financial statements for 2022. For an appropriate understanding of the information included in these interim condensed consolidated financial statements, they should be read in conjunction with the Group's consolidated financial statements for 2022.

The accounting policies and principles adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the 2022 consolidated financial statements.

2.2. Adoption of international financial reporting standards

In 2023, the following mandatory standards and interpretations, already endorsed by the European Union, became effective and, where applicable, were used by the Group in the preparation of the interim condensed consolidated financial statements, but did not have a significant impact:

New mandatory standards, amendments and interpretations in the period

Approved for use in the European Union		Mandatory for annual reporting periods beginning on or after:
IFRS 17 - Insurance Contracts	Replaces IFRS 4 and sets out the principles for recognition, measurement, presentation and disclosure of insurance contracts to ensure that an entity provides relevant and reliable information to enable users of financial statements to assess the effect of insurance contracts on financial statements.	1 January 2023
Amendments to IAS 1– Disclosure of Accounting Policies.	Amendments to assist entities in adequately identifying information on material accounting policies that needs to be disclosed in the financial statements.	1 January 2023
Amendments to IAS 8 - Definition of Accounting Estimates.	Amendments and clarifications with respect to what constitutes a change in accounting estimates.	1 January 2023
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.	Clarifications as to how companies should account for deferred tax related to assets and liabilities arising from a single translation such as leases and decommissioning obligations.	1 January 2023
Amendments to IFRS 17 - Insurance contracts - Initial application of IFRS 17 and IFRS 9. Comparative Information	Amendments to the IFRS 17 transition requirements for insurance companies that apply IFRS 17 and IFRS 9 for the first time at the same time.	1 January 2023

As at the date of authorisation for issue of these consolidated financial statements, the following standards and interpretations had been published by the IASB but were not yet effective, either because their effective date is subsequent to the date of the consolidated financial statements or because they have not yet been adopted by the European Union:

New mandatory standards, amendments and interpretations applicable for annual periods after the calendar year beginning 1 January 2023

Interim Condensed Consolidated Financial Statements and Management Report for the six months ended 30 June 2023 (€ thousand)

Not yet approved for use in the European Union		Mandatory for annual reporting periods beginning on or after:
Amendments to IAS 12 – Tax Reform - Pillar Two Model Rules	The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12 from the implementation of the Pillar Two international tax model. They also include additional disclosure requirements.	1 January 2024
Amendment to IAS 1- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants.	Clarifications regarding the presentation of liabilities as current or non-current and particularly liabilities subject to the entity complying with covenants.	1 January 2024
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback.	The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions.	1 January 2024
Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements.	This amendment introduces specific disclosure requirements for supplier financing arrangements and the effects of those arrangements on an entity's liabilities and cash flows and its exposure to liquidity risk and management of related risks.	1 January 2024

For standards that become effective from 2023 and onwards, the Group has performed a preliminary assessment of the potential impacts of their future application once they become effective. As at the reporting date, it considers that the impacts of application of these standards will not be significant.

2.3. Basis of consolidation

The principles, criteria and methods of consolidation used in the preparation of the accompanying interim condensed consolidated financial statements are consistent with those used in the Group's 2022 annual consolidated financial statements.

The only change in the Group's scope of consolidation in the first half of 2023 was the incorporation of Dufel Marruecos, SARL, which is wholly owned by Duro Felguera, S.A.

2.4. Comparative information

For comparative purposes, the interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months ended 30 June 2023 contain information for the six months ended 30 June 2022. The interim condensed consolidated statement of financial position contains comparative information as at 31 December 2022.

2.5. Seasonality of Group operations

Given the activities carried out by Group companies, their transactions are not considered to be particularly cyclical or seasonal.

2.6. Materiality

In determining the disclosures of the various items of the financial statements and other matters, the Group, in accordance with IAS 34, assessed materiality in relation to the interim condensed consolidated financial statements.

2.7. Impact of the war in Ukraine

Although the Group does not have any significant operations or assets that could have a material impact on its financial statements, it has been affected by the geopolitical and economic consequences of the war, which has led to a widespread increase in prices and shortage of resources.

Although our contracts with customers do not contain express clauses regarding claims for price increases due to rises in the prices of materials, fuel, energy, etc., laws and/or jurisprudence could result in application of what we call the principle of “unpredictability”, i.e., where execution of a contract becomes too onerous for one of the parties due to events that are supervening or extraordinary events and events that were unpredictable at the time of signing of the contract that could require authorisation for the revision of the terms and conditions so as to readjust the contract.

2.8. Assessment of possible uncertainties relating to application of the going concern principle

At 30 June 2023, the Group had negative accounting equity (Note 8) and negative working capital amounting to €49.1 million (31 December 2022: €43.6 million).

Nevertheless, the Group has spent the last few years executing its viability plan. This has produced positive results in the form of improved earnings even amid the adverse scenario facing the Group caused by the Covid-19-related health crisis, rising inflation and the adoption of contractionary monetary policies by central banks, with continuous hikes in interest rates that are undermining credit and recovery by the most vulnerable companies. Moreover, higher gas and raw material costs triggered by Russia's invasion of Ukraine, coupled with the diplomatic crisis with Algeria, pose major challenges for Europe’s economies in general and especially Spain's, which is still heavily reliant on energy imports.

Against the current backdrop of economic uncertainty, towards the end of 2022 the Group embarked on a process aimed at adapting its capabilities to its expectations regarding business generation. The ultimate goal was to boost productivity and increase operational efficiency by reducing overhead.

The Group monitors its actions on an ongoing basis so as to minimise the impact on cash requirements. It does so by preparing a cash inflow and outflow plan to assess whether it has sufficient financial resources to meet its operational requirements over the next 12 months, taking the appropriate steps as needed. The key assumptions underlying the cash inflow and outflow plan approved by the Board of Directors to address this situation are:

- Progress on projects being executed in accordance with the obligations assumed with customers.

- Compliance with the viability plan approved by the Board of Directors in February 2023, which includes updates of the financial assumptions for the 2023-2027 period based on the prevailing geopolitical landscape and the Group’s assessment of its business prospects.

- Progress in the backlog being executed in accordance with the obligations assumed with customers. Rebound of economic activity and increase in order intake in coming months.

- Optimisation of costs of projects in progress and general expenses.

- Conclusion of customer negotiations, arbitration and litigation processes according to schedule.

- Capital increase of €90,000,000 as agreed on 13 April 2023 at the Extraordinary General Meeting of Shareholders (Notes 2.9 and 8).

- Disposal of the shareholding in Ausenco, as planned, expected to generate a cash inflow of €18-20 million before 31 December 2023 (Note 17)

- Compliance with the terms and conditions outlined in the financing raised through the FASEE, from financial institutions and SRP (Sociedad Regional de Promoción del Principado de Asturias, S.A.).

In the going-concern assessment, the directors considered that during this year and next, by law the losses reported for 2020 and 2021 will not be included in application of article 363.1.e) of the Consolidated Text of the Spanish Corporate Enterprises Act (Texto Refundido de la Ley de Sociedades de Capital) as amended by Royal Decree Law 20/2022, of 27 December, on measures to address the economic and social consequences of the war in Ukraine. They also assumed that a waiver will be obtained from financial entities on compliance with certain ratios in the financing agreement as at 30 June 2023 (Note 4.1).

On the basis of all of the foregoing, the parent company's directors have prepared these interim condensed consolidated financial statements on a going concern basis.

2.9. Capital increase

On 21 September 2023, Duro Felguera fulfilled the obligation to sell 60% of the share capital of EPICOM, S.A. (Note 17). Accordingly, it complied with the Resolution of the Council of Ministers of 4 July 2023 requiring this disposal as a preliminary condition for authorising the subscription by foreign investors for the share capital increase agreed on at the General Meeting held on 13 April 2023.

After the sale, on 22 September, FASEE approved the Management Agreement with Duro Felguera, S.A. This enabled it to continue complying with the conditions precedent for disbursement of the loans earmarked for the investor, Grupo Promotor de Desarrollo e Infraestructura, S.A. de C.V. and Mota–Engil México, S.A.P.I. de C.V.

Application for this disbursement will be made immediately once the conditions precedent are met. For their part, the foreign investors must submit an application with the Spanish National Securities Market Commission, the CNMV, for a waiver on launching a takeover bid. The Company must also submit, for approval by the CNMV, the prospectus for the issue of shares (i.e. the registration document and the two securities notes). Once both approvals are given, Duro Felguera's Board of Directors will have to pass a resolution for execution of the share capital increase in exercise of the powers delegated to the Board by shareholders of Duro Felguera at the Extraordinary General Meeting held on 13 April 2023 (Note 8).

3. Segment information

Management has been defining operating segments based on the financial information reviewed by the Board of Directors and used to make strategic decisions. However segment reporting changed in January 2022 following the redefinition of the business lines on which the Group will operate in execution of the viability plan to achieve a more dynamic Company focused on customers, profitability and continuous improvement.

This new structure centres on five business lines (Conventional Energy, Industrial Plants, Specialised Services, Renewable Energies and Smart Systems), thus enhancing the Company's expertise and project orientation in both traditional and innovative businesses, such as renewable energies, energy storage, hydrogen and smart systems.

<u>Conventional energy</u>

Duro Felguera undertakes EPC projects or integrations through all phases of the process for power plants, ranging from gas turbine power facilities to conventional thermal power plants, and including cogeneration plants, renewable energy facilities, biomass plants and waste-to-energy plants. It also carries out projects to improve the environment and increase the efficiency of existing plants.

Industrial plants:

The Industrial Plants business line includes Mining & Handling, Oil & Gas, Heavy Boiler-making and projects at industrial complexes

- Mining & Handling: Duro Felguera is a leading player in the construction of mineral processing and bulk handling facilities as well as port loading and unloading terminals. It is involved in all phases of the project: feasibility studies, basic design, detailed engineering, procurement, construction, commissioning, and the eventual operation and maintenance of the facility.

- Oil & Gas: Duro Felguera executes EPC and integration facilities for the Oil & Gas sector. It is highly specialised in the engineering and construction of storage projects for hydrocarbons, liquefied gases and other petrochemical products thanks to the extensive experience amassed in this field by its subsidiary Felguera IHI.

- Manufacturing of capital goods: Duro Felguera has its own workshops for the manufacture of capital goods, through subsidiary DF Calderería Pesada. It is specialised in the manufacture of large and thick pressure vessels and special materials and alloys for the oil & gas, petrochemical and nuclear industries. The Company is an international benchmark in this field.

- Industrial plants/sites: EPC/integration projects for the engineering and construction of industrial plants.

Assembly, operation and maintenance services

This business unit performs various services related to the assembly, commissioning and operation and maintenance of energy and industrial facilities. It has immense expertise and experience and has built up a significant presence in the national and international markets. It comprises subsidiary companies DF Operaciones y Montajes and DF Mompresa.

Renewable Energies

This segment focuses on the development, integration, construction and promotion of photovoltaic facilities, securing the relevant EPC and O&M contracts. This segment would also include industrial onshore wind, energy storage and green hydrogen.

Smart Systems

This business line's aim is to have a more comprehensive product and service offering in existing segments, while expanding businesses and promoting new growth drivers. Duro Felguera grouped Felguera TI (focused on cybersecurity and digitalisation) and Logistics Systems (execution of heavy-duty warehouse automation projects):

The information reviewed by the Board of Directors does not include information on segment assets and liabilities or capital expenditure, as this is not considered relevant for decision-making at segment level. Rather, assets and liabilities are assessed from an overall perspective.

Segment information provided to the Board of Directors for the segments for which financial information is reported for the years ended 30 June 2023 and 2022 is as follows:

	€ thousand							
	For the six months ended 30 June 2023							
	Conventional Energy	Industrial Plants	Specialised Services	Renewable Energies	Smart Systems	Other	Inter-group transactions	GROUP
Revenue from external customers	22,838	27,536	86,751	421	3,183	327	-	141,056
Inter-segment revenue	175	571	633	12	361	4,473	(6,225)	-
Total revenue	23,013	28,107	87,384	433	3,544	4,800	(6,225)	141,056
EBITDA	9,048	(1,689)	7,531	(322)	(68)	(8,026)	-	6,474

	€ thousand							
	For the six months ended 30 June 2022							
	Conventional Energy	Industrial Plants	Specialised Services	Renewable Energies	Smart Systems	Other	Inter-group transactions	GROUP
Revenue from external customers	4,585	26,703	21,974	-	1,162	365	-	54,789
Inter-segment revenue	594	465	1,469	-	167	4,265	(6,960)	-
Total revenue	5,179	27,168	23,443	-	1,329	4,630	(6,960)	54,789
EBITDA	5,278	8,010	(1,655)	-	30	(4,633)	-	7,030

The amounts included under "Other" relate to income and/or expenses related to departments not allocated to any business area, which are mainly corporate activities.

"Inter-group transactions" details inter-segment eliminations and adjustments.

The reconciliation of EBITDA, based on the Group's calculation of recurring EBITDA, with the interim condensed consolidated statement of profit or loss is as follows:

	Six months ended 30 June	
	2023	2022
Operating profit/(loss)	3,805	358
Amortisation and depreciation	2,411	2,521
Impairment and gains/(losses) on disposal of property, plant and equipment	(1,327)	18
Exchange differences	1,585	4,133
EBITDA	6,474	7,030

The Group operates mostly internationally at present. The following table presents the breakdown of revenue at 30 June 2023 and 2022 by geographical area:

	Six months ended 30 June			
Geographical area	2023	%	2022	%
- Spain	17,794	12.61%	17,509	31.96%
- Latin America	3,716	2.64%	4,013	7.32%
- Europe	101,058	71.65%	15,796	28.83%
- Africa and the Middle East	14,135	10.02%	11,784	21.51%
- Asia Pacific	668	0.47%	1,538	2.81%
- Other	3,685	2.61%	4,149	7.57%
Total	141,056	100%	54,789	100%

In the six months ended 30 June 2023, segments sales with a single customer representing over 10% of the Group's revenue amounted to €66.3 million in the Services segment and €15.6 million for the Energy segment, both in Europe (2022: €6.9 million of sales for the Industrial Plants segment in Europe).

4. Financial risk management

4.1. Financial risk factors

The Group's activities expose it to a variety of financial risks -market risk (including foreign currency, interest rate and price risk), credit risk and liquidity risk- as well as a range of climate change risks.

The interim condensed consolidated financial statements do not include all the information and disclosures on financial risk management required for annual consolidated financial statements, so they should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022.

There were no changes in risk management or in any risk management policy from the end of the previous reporting period.

Liquidity risk:

Key information on liquidity risk is presented in the following table:

	€ thousand	
	At 30 June 2023	31 December 2022
Borrowings (Note 9)	(144,011)	(144,048)
Less: Cash and cash equivalents	12,556	24,097
Net debt position	(131,455)	(119,951)

The Company's financial debt includes aid from FASEE and debt renegotiated with financial institutions in the form of participating loans, ordinary loans and convertible bonds (Notes 7 and 9).

At 30 June 2023, a sum of €1,271 thousand was subject to restrictions because it had been designated as security in litigation with third parties. Such restrictions will remain in place until judgment is rendered or an out-of-court settlement is made (31 December 2022: €1,228 thousand).

The Company also has €20,468 thousand of deposits under "Current financial assets" in the statement of financial position as at 30 June 2023 as security for execution of its projects due to the lack of bank guarantees. Of this amount, €16,094 thousand relates to an escrow account in Romania called by the end customer treated as a receivable based on the negotiations carried out, which resulted in the signing of a new agreement for completion of the Iernut combined cycle power plant. This work began in August. Pursuant to the agreement, at the end of July the Company received part of the amount, €8.9 million, held in the escrow account (Notes 7 and 17). The remaining amount will be released through issuance of a performance bond, as stipulated in the new contract entered into with the customer.

In relation to the agreement with its banks the Group must comply with two ratios on a half-yearly basis (i.e. leverage and interest coverage). The period for assessing compliance is the 12 months ended 30 June 2023.

The leverage ratio, understood as gross financial debt divided by operating profit/(loss) adjusted for depreciation and amortisation, and impairment and losses on assets, as defined in the financing agreement of 29 November 2021, which is not the same as EBITDA considered as an alternative performance measure by the Duro Felguera Group, calculated based on the latest 12 months, must be below 7.76.

On 28 June 2023, the Group requested a waiver from the banking syndicate on compliance with the ratios at 30 June 2023 due to ongoing negotiations over certain projects and as non-compliance with these financial obligations would be a cause of breach regulated in clause 27 of the contract. At 30 June 2023, the Group classified the bank borrowing, based on the calculation stipulated in the agreement, under current liabilities (Note 9). The Group received a response to its request in writing on 22 September 2023, with grant of the waiver by the financial institutions effective as of 30 June 2023. Therefore, at the date of authorisation for issue it was not in a situation of non-compliance.

4.2. Fair value estimation

The table below provides an analysis as at 30 June 2023 of financial instruments measured at fair value, classified by measurement method. The various levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market inputs (i.e. unobservable inputs) (Level 3).

	€ thousand			
	Level 1	Level 2	Level 3	Total
Assets				
Financial instruments at fair value through other comprehensive income:				
- Equity instruments (non-current assets)	1	-	17,569	17,570
- Equity instruments (current assets)	-	-	5,320	5,320
Total assets	1	-	22,889	22,890

	€ thousand			
	Level 1	Level 2	Level 3	Total
Liabilities				
Convertible bonds	-	12,369	-	12,369
Total liabilities	-	12,369	-	12,369

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2022:

	€ thousand			
	Level 1	Level 2	Level 3	Total
Assets				
Financial instruments at fair value through other comprehensive income:				
- Equity instruments (non-current assets)	1	-	7,822	7,823
- Equity instruments (current assets)	-	-	5,320	5,320
Total assets	1	-	13,142	13,143

	€ thousand			
	Level 1	Level 2	Level 3	Total
Liabilities				
Convertible bonds	-	11,852	-	11,852
Total liabilities	-	11,852	-	11,852

The fair value of financial instruments traded in active markets (such as securities available for sale) is based on quoted market prices at the reporting date. The quoted market price used for financial assets is the current bid price. These instruments are included in Level 1.

The majority shareholder, Ausenco, Ltd., started a divestment process that gave rise to a cross-selling agreement in September whereby the Group undertook to sell its 3.97% stake to the acquirers (investment groups) with execution subject to standard conditions precedent. In accordance with terms and conditions of the agreement and the price valuations made by Ausenco's management, this sale will produce a cash inflow for Duro Felguera Group of €17.5-21.5 million depending on the trend of the company's working capital, the trend in exchange rates and certain contingencies outlined in the agreement. Accordingly, an amount of €17.5 million was determined as the fair value of the shareholding (Note 17).

The Group continued to classify its retained investment in Epicom, S.A. following the disposal of 40% as a financial instrument classified as a current asset measured at fair value. Fair value was determined using the price of the call option granted to Sociedad Estatal de Participaciones

Industriales ("SEPI") as that price was consistent with the price at which 40% of the company was sold. On 20 September 2023, SEPI exercised its call option. As a result, Duro Felguera reported that it had complied with the obligation to sell 60% of the share capital of EPICOM, S.A. to INDRA SISTEMAS, S.A. (30%) and OESIA NETWORKS, S.L, (30%) for €5,320 thousand (Note 17).

5. Assets and liabilities classified as held for sale

The Group is moving forward with its plan to dispose of non-core assets, mainly office buildings. Due to the impact of the health crisis on the office property market, there were also delays in estimated sales periods, ruling out the possibility of the transactions being completed in the short term; the Group does not intend to embark on an active disposal process until the real estate market rebounds. Therefore, at 30 June 2023, since no agreements had been signed and the requirements in the current accounting framework had not been met, the Group did not have any assets classified as available for sale.

6. Intangible assets, property, plant and equipment and investment properties

Reconciliation of the carrying amounts of these statement of financial position items at the beginning and end of the period:

	€ thousand		
	Intangible assets	Property, plant and equipment and right-of-use assets	Investment properties
Cost			
Balances at 1 January 2023	26,338	88,978	34,335
Additions	33	234	-
Assets derecognised due to disposal or other means	-	(174)	-
Transfers and other movements	-	17	-
Balances at 30 June 2023	26,371	89,055	34,335
Accumulated amortisation and depreciation			
Balances at 1 January 2023	(23,122)	(59,317)	(10,468)
Provisions recognised in profit or loss	(1,080)	(1,191)	(140)
Elimination of amortisation and depreciation	-	16	-
Transfers and other movements	-	(6)	-
Balances at 30 June 2023	(24,202)	(60,498)	(10,608)
Impairment			
Balances at 1 January 2023	-	(2,712)	(5,422)
Provisions for impairment	-	-	-
Decreases for derecognition	-	1,327	-
Balances at 30 June 2023	-	(1,385)	(5,422)
Property, plant and equipment and investment properties, net			
Balances at 1 January 2023	3,216	26,949	18,445
Balances at 30 June 2023	2,169	27,172	18,305

There were no significant additions or disposals of assets in the six months ended 30 June 2023. A provision for impairment on the Company's registered office of €1.3 million was reversed since the value in the latest appraisal in 2023 was greater than the asset’s net carrying amount.

As at year-end 2022, there were no commitments to purchase assets at 30 June 2023.

At 30 June 2023, there were investment properties and items of property, plant and equipment with a carrying amount of €15,319 thousand as collateral and security guaranteeing agreements for suspension of the assessments of VAT, personal income tax withholdings and corporate income tax and related party transactions (2022: €15,348 thousand).

7. Financial instruments

a) Financial assets

The breakdown of financial assets at 30 June 2023 and 31 December 2022, by nature of the asset and category, is as follows:

30 June 2023	Amortised cost (€ thousand)	Fair value through OCI (€ thousand)	TOTAL (€ thousand)
On-balance sheet assets			
- Equity instruments (Note 4.2)	-	17,569	17,569
- Non-current financial assets	42	-	42
Total classified in non-current assets	42	17,569	17,611
- Equity instruments	-	5,320	5,320
- Trade and other receivables (*)	123,795	-	123,795
- Deposits	20,468	-	20,468
- Other current assets	2,240	-	2,240
Total classified in current assets	146,503	5,320	151,823
Total	146,545	22,889	169,434

31 December 2022	Amortised cost (€ thousand)	Fair value through OCI (€ thousand)	TOTAL (€ thousand)
On-balance sheet assets			
- Equity instruments (Note 4.2)	-	7,822	7,822
- Non-current financial assets	41	-	41
Total classified in non-current assets	41	7,822	7,863
- Equity instruments	-	5,320	5,320
- Trade and other receivables (*)	91,783	-	91,783
- Deposits	20,117	-	20,117
- Other current assets	4,596	-	4,596
Total classified in current assets	116,496	5,320	121,816
Total	116,537	13,142	129,679

(*) Does not include tax receivables and current tax assets.

The Group had €20,468 thousand of deposits and escrow accounts, of which €16.1 million related to the Iernut project in Romania, with enforcement of the security deposit for execution of its projects due to the lack of guarantees and after notifying the customer of the termination of the contract in June 2021. The Group held negotiations following the contract termination, which resulted in the signing of a letter of intent on 31 December 2022 regarding modification of the contract. This ended the dispute and confirmed resumption of the project as the conditions precedent were met. In May, the customer and Duro Felguera signed a new agreement for completion of the works on the Iernut combined cycled plant and on 1 August the customer issued orders to commence work on the plant. Also resulting from the agreement, on 31 July this year the Company received €8.9 million for partial return of the amounts held in the escrow account. The remaining amount will be released through issuance of a performance bond, as stipulated in the new contract entered into with the customer (Notes 4.1 and 17).

The balance of trade and other receivables includes completed work pending certification of €38,299 thousand (31 December 2022: €24,200 thousand). The Group did not recognise revenue from contract modifications/claims or disputes that were approved by the customer or that had not been measured, except the variable consideration from the Aconcagua project to the extent that it is highly probable that a significant reversal in the amount will not occur (Note 15).

The Group assesses risk of impairment of receivables on a regular basis, updating it where appropriate on a case-by-case basis and taking into account the risk of default, the risk of impairment in the event of default, and current exposure. At 30 June 2023, the Group engaged an independent expert for assistance in calculating the amount of impairment. The parent company's directors consider that the amount of trade and other receivables recognised approximates their fair value. An impairment loss of €659 thousand was reversed in the six months ended 30 June 2023, bringing cumulative impairment losses to €126,831 thousand.

b) Financial liabilities

The breakdown of financial liabilities at 30 June 2023 and 31 December 2022, by nature of the liability and category, is as follows:

	€ thousand		
30 June 2023	Fair value through profit or loss	Debts and payables (amortised cost)	TOTAL
On-balance sheet liabilities			
- Convertible bonds (Note 9)	12,369	-	12,369
- Bank borrowings (Note 9)	-	13,485	13,485
- Finance lease liabilities	-	1,061	1,061
- Government assistance	-	126,000	126,000
- Other financial liabilities (*)	-	150,630	150,630
Total	12,369	291,176	303,545

	€ thousand		
31 December 2022	Fair value through profit or loss	Debts and payables (amortised cost)	TOTAL
On-balance sheet liabilities			
- Convertible bonds (Note 9)	11,852	-	11,852
- Bank borrowings (Note 9)	-	13,242	13,242
- Finance lease liabilities	-	1,122	1,122
- Government assistance	-	126,000	126,000
- Other financial liabilities (*)	-	129,396	129,396
Total	11,852	269,760	281,612

(*) Does not include tax payables and current tax liabilities.

As disclosed in Note 4.1, as at the date of authorisation for issue of these interim financial statements, the banks participating in the syndicated loan facility had granted the Group a waiver for compliance with financial ratios with effect on 30 June 2023.

8. Equity

a) Capital

The condensed statement of changes in equity for the six months ended 30 June 2023 and year ended 31 December 2022 present the changes in equity attributable to owners of the parent and non-controlling interests in those periods.

Share capital at 30 June 2023 was represented by 96 million fully subscribed and paid shares with a par value of €0.05 each.

All of the shares are admitted for listing on the Madrid, Barcelona and Bilbao Stock Exchanges, and have the same voting and dividend rights.

As at the date of preparation of the accompanying interim condensed consolidated financial statements, the following shareholders held an interest equal to or greater than 3% in the Company's share capital:

Shareholder	Ownership (%) direct and indirect	
	At 30 June 2023	31 December 2022
UBS Switzerland AG (*)	3.87%	3.95%
Morgan Stanley and Co International PLC (*)	2.80%	2.71%
TSK Electrónica y Electricidad, S.A.	3.12%	3.12%

(*) Depositaries of securities held by others

b) Capital increase

On 13 April 2023, Duro Felguera held an Extraordinary General Meeting of Shareholders, with quorum exceeding 32% of share capital, at which motions were passed with qualified majorities of over 98% on the following items:

- Approval of the share capital increase through the issuance of 52,000,000 new shares of €0.05 par value and €0.7161 share premium each, with an issue price of €0.7661 with cash contributions and recognition of subscription rights, with proceeds going to repay the credit held by Mota-Engil Mexico, and delegating power in the Board of Directors to execute the resolutions.
- Approval of the second share capital increase up to €90,000,000, plus interest, through the issuance of up to 117,478,135 new shares at the same issue price of €0.7661 through a debt-to-equity swap arising from the loan contracts entered into with Grupo Promotor de Desarrollo e Infraestructura (Prodi) and Mota-Engil Mexico that had not been reimbursed with the proceeds from the first capital increase, delegating power to execute this resolution in the Board of Directors (Note 2.9).

c) Equity attributable to equity holders of the parent

From an equity standpoint, the parent company did not fall within any of the grounds for dissolution at 30 June 2023, despite having negative equity: Firstly, because profit participating loans are treated as equity for company law purposes with respect to capital reductions and liquidations. As at 30 June 2023, the amount of all profit participating loans agreed under the refinancing agreement was €119 million (€100 million with FASEE, €13 million with banks and €6 million with the regional government of Asturias, via the SRP). Secondly, according to RDL 20/2022 of 27 December 2022 on measures to address the economic and social consequences of the war in Ukraine and to support the reconstruction of the island of La Palma and other situations of vulnerability, it was stipulated that for the sole purpose of determining causes for dissolution provided for in article 363.1.e) of the consolidated text of the Spanish Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July, losses reported in 2020 and 2021 and until the end of the reporting period beginning in 2024, shall not be taken into consideration. If, after excluding losses in 2022 and 2021 as explained above, the result for the 2022, 2023 or 2024 financial year shows losses that reduce the net assets to less than half the share capital, the directors must hold a meeting or any shareholder may request a meeting within two months of the end of the financial year in accordance with article 365 of the aforementioned law, in order to proceed with the dissolution of the company, unless the capital is increased or reduced to a sufficient extent. Considering the above profit participating loans arranged by the Group and not counting the loss of €171,172 thousand reported in 2020, as allowed under RDL 20/2022 (the parent company reported profits in 2021 and 2022), the parent company's equity for company law purposes amounts to approximately €159 thousand.

9. Borrowings

The table below analyses the Group's financial liabilities as at 30 June 2023 and 31 December 2022 based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows discounted:

	€ thousand			
As at 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Loans and finance lease liabilities	14,954	601	78,620	49,836
Convertible bonds	-	-	-	12,369
Trade and other payables	147,165	-	-	-

	€ thousand			
At 31 December 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Loans and finance lease liabilities	8,178	7,029	79,005	49,836
Convertible bonds	-	-	-	11,852
Trade and other payables	125,712	-	-	-

In any event, the financing obligations include certain prepayment clauses tied to future events related with lawsuit and arbitration settlements, tax inspections, material adverse effects and non-permitted changes of control, among others. The directors, with the assistance of internal and external tax and legal advisors, have evaluated the probability of occurrence of those prepayment events, factoring in the uncertainty associated with the final outcome of all those processes, and estimate that they will not affect execution of the viability plan (Notes 15 and 16). As at 30 June 2023, the loans received from FASEE for the 2021 refinancing had accrued interest amounting to €1,885 thousand.

10. Provisions

The breakdown of "Provisions" in the condensed consolidated statement of financial position as at 30 June 2023 and 31 December 2022 is as follows:

	€ thousand	
	As at 30 June 2023	As at 31 December 2022
Provisions for pensions and similar obligations	1,236	1,260
Other pension funds	1,236	1,260
Provisions for contingent liabilities and commitments	72,378	75,405
Provisions for contingent liabilities	72,378	75,405
Total	73,614	76,665

The movements in the six months ended 30 June 2023 in “Provisions” were as follows:

	€ thousand			
	Pensions and similar obligations	Provisions for completion of works and other trade provisions	Other provisions	Total
Balance at 1 January 2023	1,260	66,213	9,192	76,665
Provisions charged to profit or loss:				
Arising during the year	-	3,183	719	3,902
Reversals credited to profit or loss:				
Unused amounts reversed	-	(3,836)	(520)	(4,356)
Payments or amounts used:				
Payments of pensions	(47)	-		(47)
Other payments	-	-	(1,626)	(1,626)
Other movements	23	(922)	(25)	(924)
Balance at 30 June 2023	1,236	64,638	7,740	73,614

Movements in the first half of 2023 related primarily to provisions for completion of works and other trade provisions, as follows:

Provisions for completion of works and other trade provisions

- Warranty provisions for projects for €2.2 million on the Iernut project (Romania) and €1 million divided up among the rest of the works in progress.
- Reversals of provisions relating to guarantees expiring of €1.3 million for the Naftan projects and reversals of other project risks for supplier payment agreements of €1.4 million for the Jebel Ali project. In addition, provisions amounting to €1.1 million for the rest of the projects in progress were reversed.

Other provisions

- Other provisions recognised, for €0.7 million, related primarily to amounts set aside by the Company in respect of employee benefit obligations and the conclusion of cases involving employees.
- An unused amount of €0.5 million of provisions was reversed primarily due to the adjustment to the estimate of the provision recognised to settle third-party claims as the lawsuits concluded.
- Other payments include, mainly, payments made by the Company in respect of employee benefit obligations arising from the workforce reduction and the conclusion of cases involving employees.

Other movements includes mainly the amounts of transfers and adjustments for exchange differences in provisions recognised in foreign currency.

	€ thousand			
	Pensions and similar obligations	Provisions for completion of works and other trade provisions	Other provisions	Total
Balance at 1 January 2022	1,218	86,509	6,991	94,718
Provisions charged to profit or loss:				
Arising during the year	407	2,533	3,907	6,847
Reversals credited to profit or loss:				
Unused amounts reversed	(248)	(26,812)	(1,376)	(28,436)
Payments or amounts used:				
Payments of pensions	(134)	-	-	(134)
Other payments	-	(514)	(423)	(937)
Other movements	17	4,497	93	4,607
Balance at 31 December 2022	1,260	66,213	9,192	76,665

Changes in 2022 related primarily to provisions for completion of works and other trade provisions, as follows:

Provisions for completion of works and other trade provisions

- Provisions recognised included mainly termination of the Bellara contract in Algeria for €0.7 million after provisional acceptance of the project in 2022.

- The most significant reversals were reversals of warranty provisions for the Naftan project, of €2.5 million, the reversal of unused provisions for the Termocandelaria project for project losses materialising with execution of the project, of €2.7 million, reversals of provisions for the Jebel Ali project following the payment agreements reached with suppliers, for €9.4 million, and the cancellation of the provision for the termination of the Iernut project, for €2.7 million, after the negotiations with the Romanian customer concluded successfully in March 2023.

  The provision for liabilities on the Empalme project was also cancelled, for €6.3 million, following the arbitration award, which was favourable to Dunor's interests, reflected in the consolidated statement of profit or loss under "Share of profit/(loss) of associates".

- Other payments includes mainly payments made by the Company in respect of employee benefit obligations and the conclusion of cases involving employees.

- Other movements includes mainly the amounts of transfers and adjustments for exchange differences in provisions recognised in foreign currency.

Other provisions

- Provisions for occupational risks and risks subject to legal proceedings and other matters. These are primarily for the outstanding amount for implementing the collective redundancy scheme described in Notes 2.18.c) and 25 to the 2022 financial statements for €3.6 million.

11. Tax receivables and payables and tax matters

The Group calculated the provision for income tax at 30 June 2023 in accordance with current tax legislation. However, any different tax treatments from those in current regulations arising from tax reforms would be applied immediately in the financial statements presented after approval of the reforms.

The effective tax rate for the six months ended 30 June 2023 was 35.70% (2022: 51.63%).

The tax group headed by the parent company sustained a tax loss for the first six months of the year. As explained later in this note, the Group does not recognise tax credits in excess of the amount of deferred tax liabilities and no income was recognised in this connection.

a) Tax receivables and payables

The main taxes receivable and payable are as follows:

	€ thousand	
	At 30 June 2023	31 December 2022
Taxes receivable		
Value added tax	10,119	8,082
Value added tax (outside Spain)	15,468	16,705
Personal income tax withholdings	-	-
Prepaid taxes, income tax of other countries and non-resident withholdings	421	459
Receivable for refund of prior year's income tax	-	-
Other	1,425	1,099
Current tax assets	3	-
	27,436	26,345
Taxes payable		
Value added tax	(2,011)	(944)
Value added tax (outside Spain)	(5,108)	(6,699)
Social Security payables	(2,501)	(1,208)
Other	(377)	(256)
Personal income tax withholdings	(1,808)	(1,375)
Other taxes	(11)	(13)
Current tax liabilities	(2,842)	-
	(14,658)	(10,495)

12. Related party transactions

In addition to subsidiaries, associates and jointly controlled entities, the Group considers as related parties shareholders with significant influence, key management personnel (i.e. members of the Board of Directors and management committee and their close relatives or entities they represent, such as in the case of FASEE), and entities over which key management personnel may exercise significant influence or have control or be influenced by them. Specifically, relationships exist in transactions carried out with agents outside the Group, but with which there is a relationship according to the definitions and criteria of the Spanish Ministry of Economy and Finance order EHA 3050/2004, of 15 September, and the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores) Circular 1/2005, of 1 April.

12.1. The following table presents the amounts recognised in the interim condensed consolidated statement of financial position as at 30 June 2023 and in the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2023, in addition to the disclosures provided in Note 9 related to the borrowing and transactions with FASEE, arising from related party transactions, in accordance with Order EHA/3050/2004, of 15 September.

	€ thousand				
	Significant shareholders	Directors and executives	Associates (*)	Other related parties (**)	Total
Income and expenses:					
Rendering of services	-	-	(6)	86	80
Total	-	-	(6)	86	80

	€ thousand				
	Significant shareholders	Directors and executives	Associates (*)	Other related parties (**)	Total
Balances:					
Trade receivables	-	-	3,395	-	3,395
Other financial receivables	-	-	12,057	138	12,195
Total	-	-	15,452	138	15,590

(*) Dunor Energía, S.A.P.I. de C.V. Balances with this party were written off as at 30 June 2023.
(**) Epicom, S.A.

12.2. Included in this item is the following paragraph for its potential consideration as a related party transaction. “On 31 March 2023, an extension was signed for the call option on 60% of the share capital of EPICOM, SA. (which originally expired on 13 May 2023) to 31 December 2023. This option was exercised on 20 September 2023, i.e. after the end of the reporting period (30 June 2023), as disclosed below in Note 17.

13. Compensation and other benefits paid to the board of directors of the parent and senior management

As at 30 June 2023, remuneration accrued by all directors of the parent company as members of the Board of Directors amounted to €445 thousand (2022: €443 thousand), solely as fixed remuneration. Directors did not receive any other benefits.

For the purposes of these interim condensed consolidated financial statements, senior executives include the seven employees comprising the Management Committee during the period (2022: 11 employees). Executives are considered to be individuals at the Group who, de facto or de jure, perform senior management duties under the direct supervision of the Group’s management body or the chief executive officer. Remuneration accrued by members of senior management, excluding members of the Board of Directors, in the six months ended 30 June 2023 and 2022 amounted to €687 thousand and €1,072 thousand, respectively.

14. Average number of employees

The distribution of the Group's average headcount in the six months ended 30 June 2023 and 2022 was as follows:

	No. of employees	
	At 30 June 2023	At 30 June 2022
Average number of employees	1,340	1,292
Men	1,193	1,127
Women	147	165

The Group's average headcount at 30 June 2023 was 881 employees on permanent employment contracts and 459 on temporary employment contracts (30 June 2022: 776 and 516, respectively).

On 9 November 2022, the Group reached an agreement with employees' legal representatives. Then, on 23 November 2022, it filed, with the Spanish labour authorities, after approval by the Company's Board of Directors, confirmation of the decision to implement a collective redundancy plan for objective economic, productive and organisational purposes and begin the gradual termination of employment contracts, over a period of up to 18 months. In the first six months of 2023, seven jobs were terminated under the plan, resulting in severance payments totalling €160 thousand. A provision was recognised for the related termination benefits in 2022 profit or loss when the restructuring plan was approved and notified. The current amount of the provision included in “Current provisions” in the consolidated statement of financial position stands at €3,331 thousand. The restructuring plan is being carried out, with some temporary delays related to later-than-expected completion of certain projects.

15. Contingencies

The Group has contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business, from which it does not expect any material liabilities to arise.

At 30 June 2023 and 31 December 2022, the Group had extended the following guarantees:

	€ thousand	
	At 30 June 2023	31 December 2022
Guarantees provided for bids in tenders	656	-
Guarantees provided in sales contracts in progress	254,482	229,124
Other	1,445	1,371
	256,583	230,495

In addition, as explained in Notes 6, 7 and 16, the Group has pledged certain assets as collateral to third parties, including its syndicated bank creditors and FASEE, Spain's support fund for strategic businesses, which granted the financing described in Note 4.1. This collateral includes pledges over specific properties, over shares in specified subsidiaries, over potential receivables arising from a range of claims, and over bank accounts. Certain project contracts signed by Group subsidiaries with customers are backed with the corporate guarantee of the Group's parent company to ensure compliance with the commercial terms agreed upon.

Group management considers that the risks of litigation, arbitration and claims are reasonably covered by the provisions recognised in the accompanying interim condensed consolidated financial statements as at 30 June 2023, and does not expect any further significant liabilities to arise.

The main changes in the first half of 2023 in ongoing proceedings are as follows:

Lawsuit by the Special Prosecutor

The deadline for investing the case had been extended until 28 July 2023, but the Spanish Tax Ministry issued its report on 16 July 2023, which requested that an order be issued to convert the case into an "abbreviated" proceeding. On 24 July 2023, the investigating judged issued a ruling ordering the proceeding to continue in respect of certain natural persons (no current employees of Duro Felguera, S.A.) and legal persons, including Duro Felguera, S.A. Duro Felguera disputed the decision in requests for remedy, reform and appeal. The request for remedy was upheld and the UTE was removed from the proceedings, while on 25 September 2023, the Investigator rejected the appeal for reform. Therefore, at present the subsidiary appeal is currently being heard before the appropriate division of the Audiencia Nacional (National High Court), which will hand down its ruling within an unspecified period. No precautionary financial penalties have been ordered and the Company has not been required to post any bond securing potential financial liabilities. In any event, the Company cannot be forced to post a bond to secure potential rulings regarding the payment of fines for offences for which this case is being heard. These types of bonds were declared unconstitutional in a ruling by the Constitutional Court, no. 69/2023, of 19 June (disclosed in Spain's Official State Gazette -BOE- no. 176 of 25 July 2023, page 108374). It is not possible to determine the probability or prospective financial considerations, as they will depend on the outcome of the criminal proceedings.

Based on an internal investigation conducted and the opinion of our external advisors, the probability of an outcome against the Group's interests is considered remote. As at 31 December 2022 and 2021, the Group did not recognise any provision in this connection.

National Markets and Competition Commission (CNMC)

In Case S/DC/612/17 instituted by the CNMC against various companies operating in the industrial assembly and maintenance services market, including DF Operaciones y Montajes, S.A., a ruling was delivered on 1 October 2019 declaring the existence of an infringement and imposing penalties upon 19 companies, including DF Operaciones y Montajes, S.A. and, subsidiarily, Duro Felguera, S.A., such penalty amounting to €1,323 thousand, and prohibiting those companies from dealing with public sector companies for an as-yet unspecified scope and duration.

DF Operaciones y Montajes, S.A. and Duro Felguera, S.A. submitted a statement of claim on 26 March 2021 and the proceedings continued until the statement of conclusions was presented on 4 May 2022. The proceedings are now awaiting a ruling.

To cover this risk, the Group recognised a provision of €0.5 million, which in the opinion of its directors and advisors is considered sufficient.

Contingencies and project claims

As is customary in its industry, the Group is involved in certain legal and arbitration disputes as part of the process of completing projects with customers and suppliers in which it may be the plaintiff or defendant, often with counter suits for equally material amounts. At the end of each reporting period, the Group assesses the estimated amounts required to settle liabilities for arbitration and/or current, probable or certain litigation in progress, the exact amount of which cannot yet be fully determined or the date of payment of which is uncertain, as it depends on fulfilment of certain conditions, recognising the related provisions, where necessary, unless they cannot be quantified, in which case they are disclosed. It also assesses those that must be disclosed since they are considered contingent liabilities; i.e. possible obligations arising from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more events not wholly within the control of the Group.

An in-depth assessment was performed on project claims, after which provisions were recognised at the amounts considered probable. No material liabilities are expected to arise other than those already provisioned that could have a material adverse effect. The main lawsuits by amount which the Group considers probable or possible that a ruling will be issued for or against it as plaintiff or defendant are described below. In the opinion of the parent company's directors and legal advisors, the potential impact on the Group of the remaining claims would not be material:

1) Recope

To date, the Group has two appeals for judicial review under way against Recope. The first seeks Recope's financial liability and/or the financial imbalance caused to the Group by changes in the scope, substantial modifications, delays and distortion of the two contracts (one for the construction of four spheres and the other for three tanks) being carried out by the Group for this customer. It also sought to overturn the administrative acts by which the customer disputed the claims filed by the Group in administrative proceedings at the time. The claim was expanded to declare that the suspension of contract and eviction ordered by RECOPE are illegal, as well as the execution of works included within the scope of the contract. An oral hearing and public trial are scheduled for 6 January 2025.

The second proceeding seeks a statement in a ruling on the right to extend the deadline for contract execution and the right to execute and complete the outstanding works due to delays and, in general, events caused by RECOPE that were not attributable to the Group. It also seeks to declare null and void the contractual termination proceedings brought by RECOPE. Finally, it also seeks a declaration of serious breach of contract and material illegality of RECOPE's conduct for executing work on commissioning one of the tasks by itself before the contract was formally terminated. Oral and public hearings are scheduled for 1 and 5 April 2024.

In relation to the proceedings filed by the Group before the courts of Costa Rica against Recope's dismissal of the claim to restore the economic and financial balance under the Contracts, on 24 November 2021 the Court was notified of the Judicial Expert Opinion.

This expert evidence provides strong support for the position held by the Group, proving that RECOPE failed to honour the terms of the contract, thus causing the Group to incur cost overruns due to over-stay on site and additional works, among other issues, all of which produced a significant economic-financial imbalance in the contract that warrants compensation for the Group.

The customer notified the Group that it had initiated an administrative proceeding to terminate the contracts on 27 February 2023 and was seeking €85 million in damages and fines between the two contracts. It also requested realisation of the guarantees. Guarantees in force were provided with a counter-guarantee by a Spanish bank for €12 million. DF filed the pertinent appeals and applications for reversal within the legal deadlines, and requested injunctive relief to prevent enforcement or realisation of the guarantees provided. In August 2023, before decisions on those appeals were issued, Recope requested enforcement of guarantees for USD 7.3 million. Duro Felguera, S.A. lodged a new request for injunctive relief against enforcement of the guarantees, which was accepted by two different courts. A requested was made to combine the two opinions.

In the opinion of the directors and internal and external legal advisors, the proceedings are likely to result in a final administrative ruling of contract termination. However, since the provisional injunctions were granted, the termination of the contract and/or enforcement of guarantees have been rendered without effect. Confirmation of these measures is expected to be given soon. No risk is expected for the Group whatsoever.

2) Jebel Ali power station project

In June 2022, DEWA requested that its lawsuit against the Group, in which it is current claiming AED 1,082,705,150.80, be resumed. On 8 August 2022, the Group filed its statement of defence and its own claim against DEWA, seeking payment of AED 724,068,430.79.

According to the local proceeding, the court appointed a group of independent experts to assess the technical aspects being disputed. This group issued its report on 17 April 2023. On 12 June 2023, the court decided not to abide by the recommendations of the experts and issued a decision with the following compensation: (i) to DF: (a) AED 1,085,064.10, (b) USD 404,422.36 and (c) EUR 3,523,803.96; and (ii) to DEWA: AED 51,853,746.58, USD 2,342,858.09 and EUR 14,784,560.16.

Both parties lodged appeals against this decision.

Regarding the lawsuit between DF, DEWA and DIB in the Gijón courts, DIB is claims payment from DF of AED 52,456,104.94, USD 3,399,989.98 and EUR 24,247,877.20, while DF is seeking a ruling (i) that DEWA's realisation of the guarantees for €47.8 million was unlawful, (ii) that DF has no obligation pay any amount, and (iii) that DIB and DEWA reimburse DF for the amounts unduly collected (approximately €8.7 million). The total claim for reimbursement of guarantees is the net of amounts withdrawn by DIB from Duro Felguera's accounts of €39 million plus interest, as appropriate. A preliminary hearing was held, in which the applications submitted by Duro Felguera were accepted for processing and a trial date was set for June 2023, which later was suspended in a decision declaring the necessary preliminary ruling in the Courts of the Emirates. This decision was final since it was not challenged by either of the parties.

The parent company's directors and its internal and external advisors made the estimate they considered most reasonable taking account of the project's specific circumstances, on the basis of which it considered it necessary to maintain the provisions recognised. Given the status of the proceedings and considering that guarantees have already been realised and collected, it is difficult to make a reliable estimate of the financial outcome for the claims by DEWA. Accordingly, there is uncertainty as to the probability related to the judgment and the final amount that may arise from part of the claim.

3) Djelfa

To date, the project is still being executed after it resumed towards the end of 2021 following the signing of a memorandum of understanding with the customer. Therefore, suppliers have joined the project, and withholdings have been released by the customer and have been used to pay project suppliers so that the project can move forward. Since March 2022, the pace of execution was slower than expected because of political tensions between Spain and Algeria, DF and the customer are still negotiating an agreement that would extend the delivery period and end the economic claims for cost overruns in executing the project. Their hope is that a satisfactory result will be achieved soon.

4) Aconcagua

Visits were conducted from 23 May to 3 July 2022 in Santiago de Chile. The award, with cross-claims between the parties (DF is claiming USD 30 million from the customer and the customer is seeking a higher amount in the counterclaim, depending on whether bad faith can be proven), was initially expected to be handed down in the first half of 2023. However, at a meeting held on 16 March 2023, the deadline for the award was pushed back to 30 November 2023. The guarantees have expired as ruled by the Arbitration Court.

The Group recognised a receivable of €11.7 million in the consolidated statement of financial position, of which €6 million related to the contractual right to a Performance Bonus for complying with the performance tests relating to energy production above the guaranteed amounts (Performance Guarantees) described in the contract, supported by the technical report of an external expert. Another part related to a security bond, which also accrued. The plant has been in operation since 2019 and not had any incidents. Due to the dispute over the claim filed by the Group, the statement of preliminary acceptance was not obtained.

The directors and internal and external legal advisors consider it highly probable that it will not reverse since their case is based on an independent expert report and, therefore, duly accredited in the case of performance and the remainder for the contract in force between the parties as it relates exclusively to the amount stipulated in the contract.

5) Iernut

Romgaz's Board of Directors, at a meeting held on 29 March 2023, agreed to sign: 1) the settlement or settlement agreement of the original contract signed between Romgaz and the DF/Romelectro consortium and 2) the contract entered into between Romgaz and DF for the completion of works on the Iernut combined cycle plant. They became effective in July 2023.

6) Petacalco/EAN/Bid Capital

There are receivables from Greenfield on the Petacalco project in Mexico. Preliminary acceptance was obtained in 2019 and stipulates compliance of the milestone. However, payment requires evidence of payments to subcontractors and the amounts owed, which are recorded in the document at USD 3 million; i.e., the amount recognised in the consolidated statement of financial position. Authorisation for payment is pending because of the lawsuit filed by EAN in which it claims USD 11 million from Duro Felguera Group for cost overruns due to scope modifications. The trial was held on 13 April 2023 and the judge summoned the parties to hear the decision on 15 May 2023. EAN's claim was rejected in its entirety, and ECM, the end customer and the lender banks were acquitted. EAN filed an appeal against the substance of the decision, which ECM filed an appeal seeking an order for EAN to pay the court costs. The Group maintained the provisions recognised since the proceeding is still in the initial stages and no rules have been issued on the appeals.

Meanwhile, Bid Capital, SA de CV is suing ECM over this project, claiming payment of MXN 166,731,503. The claim includes principal plus ordinary and late-payment interest and a requirement to open a letter of credit (for approximately 8,272,998).

The claim was disputed and a trial was held. A judgment was handed down accepting the claim and ordering ECM to pay MXN 81,205,192 (approximately €4,317,223) plus interest. An appeal for constitutional protection against the decision was lodged. ECB's directors and internal and external legal advisors believe that ECM can have the ruling overturned on appeal citing solid grounds for the opinion. Accordingly, no provisions were recognised in this connection.
There were no material changes in the first half of 2023 in the rest of the lawsuits and arbitration proceedings in which the Group is involved.

16. Tax assessments

As disclosed in Note 29 to the 2022 consolidated financial statements, appeals were filed against the tax assessments for the 2010-2012 period with the Audiencia Nacional (National High Court) after rejection by the Central Economic Administrative Court (TEAC). A vote and ruling are pending.

The Group did not recognise any liability related to these proceedings since in the directors' opinion and based on reports issued by independent third parties in prior years and up to the reporting date, the arguments are sufficiently strong to expect a ruling in the Group's favour. The arguments can be summarised as follows:

- Doctrine of estoppel: the AEAT already inspected 2009, in which UTE TERMOCENTRO took a significant charge for its members that was considered exempt. No amount was adjusted in this connection.

- Substantive arguments accrediting UTE TERMOCENTRO's foreign operations.

- Dilatory proceedings: the proceedings were extended by a year and unjustified delays have been attributed that are questionable. This could result in one, two or even three financial years becoming statute-barred, depending on the delay.

Meanwhile, the Spanish National Court, in a relatively recent decision of 28 December 2019 in relation to a dispute similar to the one facing Duro Felguera, held that a supply arrangement outside Spanish territory for a non-Spanish recipient should always be considered as operating abroad and therefore ruled in favour of the taxpayer on that particular point. The National Court confirmed this criterion in a recent ruling handed down on 27 January 2023.

Therefore, the opinion of the directors and internal and external advisors is that the National Court's ruling in that case supports our position in the case at hand.

The Company, alongside its application to the National Court for judicial review, sought injunctive relief in the form of suspension of the debt with the collateral already provided. The National Court granted this relief for all proceedings.

Regarding the tax assessments for 2013-2014, as disclosed in Note 29 to the 2022 consolidated financial statements, an appeal against the assessments for the 2013-2014 period was lodged with the TEAC, which was rejected in April 2023. On 22 May 2023, the Group lodged an appeal against this ruling with the National Court and sought injunctive relief with the total waiver of guarantees. A decision on this is still pending. The Company is confident this relief will be granted since the situation is the same as when the suspension of assessments for the prior period was granted, with a partial waiver of guarantees.

Since the thrust of the dispute, as with the previous inspection, lies in the Group's application of the exemption for foreign-earned income obtained by the temporary joint ventures operating abroad, and specifically by UTE TERMOCENTRO, the opinion of the directors and the external tax advisors is that the arguments in its defence are sufficiently strong to expect a ruling in its favour. Therefore, no liability was recognised in this connection.

In addition, regarding the inspection of 2023-2014, on 1 February 2023 the TEAC issued its decision rendering null and void the €5.5 million penalty imposed on UTE Termocentro for 2013-14 arising from the tax audit since there was no legal basis supporting the penalty, further supported by a recent decision from the National Court.

17. Events after the reporting period

The following significant events occurred between 30 June 2023 and the date of authorisation for issue of these interim condensed consolidated financial statements:

- On 10 August 2023, further to the other relevant information disclosure dated 10 May 2023 (record no. 22514) on the agreement reached to complete the work on the Iernut combined cycle plant, on 1 August 2023, Duro Felguera S.A. received the order from the Romanian company Romgaz to start work on the that plant, once the preliminary steps required had been completed following the agreements reached in May. The contract for execution of the works amounts to LEI 345 million (approximately €70 million) and has an execution period of 16 months from the date of the order to start the works (1 August 2023). The agreement includes a clause whereby this period may be extended.

- The Argentine peso, a currency in which the Group held balances at 30 June 2023, depreciated sharply in August 2023. The Group will monitor fluctuations in the exchange rate during the second half of the year in a bid to measure and control the potential impact of this depreciation on its financial statements. As at the date of presentation of these interim condensed consolidated financial statements, the net balance in Argentine pesos implied a higher amount of liabilities than assets. Therefore, if the peso does not appreciate, the impact on the Group's financial statements will be positive.

- On 16 September 2023, Duro Felguera S.A. signed an agreement to sell its 3.97% stake in Ausenco Pty Ltd. This transaction forms part of the divestment process being carried out by the majority shareholder, the US fund Resource Capital Fund (RCF). RCF and the majority of the other shareholders will sell their shareholdings to US investment funds Brightstar Capital Partners and Claure Group.

In accordance with terms and conditions of the agreement and the price valuations made by Ausenco's management, this sale will produce a cash inflow for Duro Felguera Group of €17.5-21.5 million depending on the trend of the company's working capital and certain contingencies outlined in the agreement.

Duro Felguera Group acquired a 5% stake in Ausenco at the end of 2014. It eventually saw its ownership interest diluted by not subscribing to subsequent rights issues. Ausenco is a global integrated engineering and consulting services provider to the minerals and metals industries, and energy transition market.

- On 20 September 2023, Duro Felguera complied with the obligation to sell 60% of the share capital of EPICOM, S.A. to INDRA SISTEMAS, S.A. (30%) and OESIA NETWORKS, S.L, (30%). SEPI exercised its call option on 5 March 2021, which became final on 13 May 2021 and contractually amended on 31 March 2023. Duro Felguera received €5,320,453 for the sale.

Accordingly, Duro Felguera complied with the Resolution of the Council of Ministers of 4 July 2023 requiring this disposal as a preliminary condition for authorising the subscription by foreign investors for the share capital increase agreed on at the General Meeting held on 13 April 2023, according to the interpretation of Spain's State Legal Service (Servicio Jurídico del Estado or SJE) in its report 134/23 -R-981/2023 of 2 August. The transaction was carried out under the terms of the purchase option of 5 March 2021, based on the criteria outlined in the SJE report 145/23.

As regards related party transactions, the Board of Directors endeavoured to ensure that the terms and conditions for exercising the purchase option were those resulting from application of regulations governing listed companies and in defence of Duro Felguera’s interest so that the price was in line with these regulations.

The sale is fully justified in terms of Duro Felguera’s corporate interest as it was required to execute the motions passed at the General Meeting of 13 April 2023 regarding the share capital increase. The sale of EPICOM, S.A. marks a step forward in complying with the conditions precedent for the disbursement of the loans committed by the investor, Grupo Promotor de Desarrollo e Infraestructura, S.A. de C.V. and Mota–Engil México, S.A.P.I. de C.V., and enables the investor to acquire a stake in Duro Felguera.

Except for this, as at the date of preparation of the accompanying interim condensed consolidated financial statements, no additional event occurred that was not included therein.

Interim Consolidated Management Report for the six months ended 30 June 2023

General performance

The global economy showed signs of resilience in the first half of 2023, with continued growth despite the impact of Covid-19, which was considered to be over in the first quarter of the year, and the negative impacts of Russia's invasion of Ukraine, which caused oil and gas prices to rise and led to supply chain disruptions for certain capital goods and raw materials.

Moreover, higher energy and commodity prices pushed up inflation. Despite having eased in recent months, inflation is still above the targets of regulators, who adopted contractionary monetary policies with high interest rates.

Lastly, world economic growth, coupled with lower wage increases than inflation, resulted in extraordinarily tight labour markets and a labour shortage in several key economic sectors.

Despite a macroeconomic scenario rife major with challenges, Duro Felguera stayed on its road map drawn up at the end of 2022 and included in the business plan presented to shareholders and investors in March this year.

The business plan calls for over €1,000 million of order intake and revenue in four years, enabling the Company to move on from a phase of viability to one of growth and expansion. Higher sales and order intake bode well for considerable increases in the Company's EBITDA and profit, leaving room to pay down approximately €90 million of loans and borrowings over the same period.

Duro Felguera's strategy in 2023 and beyond is predicated primarily on the operational transformation of processes, with a focus on projects and sustainable growth in all business areas. Specifically, the Company has outlined 10 strategic guidelines:

1. Strengthen Duro Felguera, with a focus on growth and transformation as key drivers.

2. Boost profitability, cut costs and gear efforts towards cash generation.

3. Execute well key existing contracts, with quality, timeliness and margins as core pillars.

4. Double order intake and increase sales by 2.5x.

5. Achieve a more dynamic Company through optimised and more efficient work methods resting on teamwork and streamlined and improved processes all with continuous improvement.

6. Foster a positive attitude, improving the working environment and increasing the satisfaction of everyone.

7. Focus on projects with wider and better cross-cutting support of key processes, spearheaded by project managers.

8. Optimise the management, resolution and outcome of legacies and lawsuits.

9. Reduce risks and improve the management of threats and opportunities.

10. Promote talent, leadership and people development.

Key highlights in the performance of the various business lines in the first half of 2023:

- Services line: activity in the first half was more than 30% higher than expected thanks to progress on the TATA project, where negotiations with the customer are under way to amend the contract, and to higher volumes in the turbine business. Also contributing positively were the success of the recently opened Tarragona delegation and healthy activity in the Canary Islands. The outlook for the second half of the year is extremely upbeat, underpinned by the continuation of work on major projects and the start of the new hydraulics contract win. On the commercial front, three projects that could be worth over €150 million are close to being concluded, which come on top of the one contracted in the first half.

- Conventional Energy line: the period featured to start of the contract to complete the work on the Iernut combined cycle power plant in Romania, with a 16 month execution period from the date of the order to start work. Meanwhile, an agreement was entered into with General Electric to execute the Tarbert Emergency Generation project in Ireland; a limited order to proceed has been issued for engineering, procurement and civil works.

- Renewable Energies line: highlights include a project win to build a solar PV plant in Cuenca for OPDE. Construction of plant, known as COVATILLAS, is currently under way. The green hydrogen project in southern Europe won in 2022 is still ongoing (confidential due to customer requirements). Meanwhile, the engineering stage was carried out on the green hydrogen project for PHYNIX Iberia in Alcázar de San Juan, VITALE, with 10 MW of electrolysis capacity. Duro Felguera submitted bids in association with other companies on several grants for green hydrogen projects. It hopes to receive grants in the form of EU funds to help execute these projects. In the photovoltaics segment, market prospects are bright due to high demand from EPC companies to execute a large volume of projects currently under development in Spain.

- Smart Systems lines: activity was stronger than expected on several fronts, with significant milestones achieved in a range of areas. The DF Logistic Systems subsidiary won two major contracts: a successful contract with Emmepi/Klabin to implement to its first logistics project in American, and a new order from the multinational enterprise Saica for a greenfield in Spain. These two contracts bode well for record order intake in this business line in 2023. Elsewhere, FTI concluded its largest ever contract, entailing the technological upgrade of the logistics facilities of its customer, Cofares.

A new business involving a robot-operated automatic truck loading system began operating in the first half of the year, making this business line a “scale up” with ambitious sales targets. Lastly, DF Innovation Hub (DFIH) achieved major milestones, including the addition of DFIH to the R&D&I centre cluster, adhesion to the ICT cluster, the hiring of 10 new employees for the R&D&I team and the award of two sizeable grants by MINCOTUR for R&D&I projects carried out in consortia.

Revenue in the first half of 2023 totalled €141,056 thousand, 157% higher than in 1H 2022 and 20% higher than in FY 2022 (€117,185 thousand), driven mainly by higher sales in the Services business line.

Operating profit rose from €358 thousand in 1H 2022 to €3,805 thousand in 1H 2023, marking a vast improvement from the trend seen in recent years and showcasing the Group’s efforts despite the challenging geopolitical environment.

Order intake during the period amounted to €160 million, up 282% on the €42.1 million reported in the previous year. The order backlog at the end of the first half of 2023 stood at €564.5 million, mostly comprising international projects.

The Group had €131.5 million of net financial debt at 30 June 2023, with €144 million of gross debt and €12.6 million of cash.

Average headcount for the Group went from 1,292 employees at 31 December 2022 to 1,340 employees at 30 June 2023.

Regarding efforts to bring in a new investor, on 21 September 2023, Duro Felguera fulfilled the obligation to sell 60% of the share capital of EPICOM, S.A. (Note 17). Accordingly, Duro Felguera complied with the Resolution of the Council of Ministers of 4 July 2023 requiring this disposal as a preliminary condition for authorising the subscription by foreign investors for the share capital increase agreed on at the General Meeting held on 13 April 2023.
After the sale, on 22 September 2023 FASEE approved the Management Agreement between SEPI and the foreign investors paving the way for progress on complying with the conditions precedent for disbursement of the loans earmarked for the investor, Grupo Promotor de Desarrollo e Infraestructura, S.A. de C.V. and Mota–Engil México, S.A.P.I. de C.V.

After satisfying the conditions precedent for disbursement of the loan and following this disbursement, the foreign investors must submit an application with the Spanish National Securities Market Commission, the CNMV, for a waiver on launching a takeover bid. The Company must also submit, for approval by the CNMV, the prospectus for the issue of shares (i.e. the registration document and the two securities notes). Once both approvals are given, Duro Felguera's Board of Directors will have to pass a resolution for execution of the share capital increase in exercise of the powers delegated to the Board by shareholders of Duro Felguera at the Extraordinary General Meeting held on 13 April 2023.

Main risks and uncertainties

The Group has identified and monitors the following risks and uncertainties that could affect the achievement of the Group's strategic objectives due to geopolitical instability:

- Commodity price volatility and inflation in general.

- Outlook for a slowdown in world economic growth.

- Hikes in interest rates and access to finance.

- Availability of engineering, construction and assembly resources.

- Delays and uncertainty in decisions regarding the award and execution of projects.

To address this risk factors, the Group spent the first half of the year focused on a commercial management based on optimising costs and passing on price increases and uncertainty in commodity prices to sales contracts.

Financial instruments and derivatives

At 30 June 2023 and 2022, the Group held no derivative financial instruments.

Treasury share transactions

At 30 June 2023 and 2022, the parent company did not hold any treasury shares.

Investment and development activities

Duro Felguera's business model attaches great importance to technological innovation, with sustained growth through technological development as one of its corporate values.

Therefore, it is aware of the enormous global challenges we face and therefore views technological innovation as a differential factor that ultimately leads to sustainable solutions. Thus, the strategic lever we have chosen for our growth is technological development enabling us to undertake high added value projects, focusing on the renewable energy sector and new technologies (hydrogen, photovoltaic, wind and storage) and smart digital solutions through 4.0 enabling technologies.

In 2023, DF Innovation Hub (DFIH) achieved major milestones, including the addition of DFIH to the R&D&I centre cluster, adhesion to the ICT cluster, the hiring of 10 new employees for the R&D&I team and the award of two sizeable grants by MINCOTUR for R&D&I projects carried out in consortia. These main achievements underscore Duro Felguera's unwavering commitment to innovation, expansion of the business and the success of its operations.

Significant events after the reporting period

Between 30 June 2023 and the date of authorisation for issue of the consolidated management report, no events occurred that could result in any material change to the information presented other than those explained in the notes to the consolidated financial statements.

Alternative performance measures

An alternative performance measure (APM) is a financial measure, based on the financial statements or other supporting information used by the Group, of historical or future financial performance, financial position or cash flows other than measures defined or specified in the applicable accounting and financial reporting framework.

In the preparation of the annual financial information, the Board of Directors of Duro Felguera presents the following APMs, which it considers useful and appropriate for investors' decision-making and better understanding of business performance.

Performance measure	Definition
Revenue	Gross inflow of economic benefits arising from ordinary activities.
Order intake for the period	Volume of orders received during the period for which the Group has no doubt that they will be fulfilled.
Order backlog	Volume of orders received that will probably be recognised under "Revenue" in the consolidated statement of profit or loss. An order is considered to be part of the backlog only when the Group is certain that it will be fulfilled.
EBITDA	Operating profit/(loss) in the statement of profit or loss minus "Amortisation and depreciation" and "Impairment of property, plant and equipment" and plus exchange differences arising on operational transactions.
Net cash/debt	Cash and cash equivalents minus gross financial debt.
Equity for company law purposes.	Accounting equity plus profit participating loans.

	Six months ended 30 June	
Economic-financial indicators	2023	2022
Revenue	141,056	54,789
EBITDA	6,474	7,030
Order intake for the period	160,010	42,144
Order backlog	564,520	323,049
Profit/(loss) before tax	2,482	2,909
Net financial debt	(131,455)	(117,906)
Gross financial debt	(144,011)	(163,849)
Cash and cash equivalents	12,556	45,943
Equity attributable to the parent for company law purposes (1)	158,910	149,763

(1) Does not include losses for 2020 in accordance with RD 20/2022.

The undersigned, whose positions appear alongside their names, HEREBY STATE, under their responsibility, that the interim condensed consolidated financial statements and interim consolidated management report for the first half of 2023 of DURO FELGUERA, S.A. and Subsidiaries include the accounting records of all Spanish and international investees comprising the scope of consolidation in accordance with applicable company law and accounting regulations, and present, in all material respects, a true and fair value of the Group's equity and financial position at the end of the first half, and the results of its operations and changes in its financial position in the first half of 2023, and contain the necessary and sufficient disclosures for their adequate understanding, in accordance with applicable regulations.

Gijón, 29 September 2023.

Rosa Isabel Aza Conejo
Chairwoman

Jaime Argüelles Álvarez
Chief Executive Officer

José Julián Massa Gutiérrez del Álamo
Deputy Chairman

Valeriano Gómez Sánchez
Director

Jordi Sevilla Segura
Director

César Hernández Blanco
Director

María Jesús Álvarez González
Director

Certification: For the record, the accompanying interim condensed consolidated financial statements and interim management report for the six months ended 30 June 2023 authorised for issue by the board of directors at its meeting held on 29 September 2023 are those initialled by the Secretary of the Board. The legitimacy of the signatures of all of the Company's directors contained in this document is also hereby certified.

Jesús Sánchez Lambás
Secretary of the Board

STATEMENT OF RESPONSIBILITY FOR THE INTERIM FINANCIAL REPORT OF DURO FELGUERA, S.A. FOR THE FIRST HALF OF 2023

In compliance with art. 11 b) of Royal Decree 1362/2007, of 19 October, implementing Law 24/1988, of 28 July, on the Securities Market, the undersigned directors of the Company state that, to the best of their knowledge, the interim condensed consolidated financial statements for the first half of 2023, prepared in accordance with applicable accounting principles, provide a true and fair view of the equity, financial position and results of DURO Felguera, S.A. and consolidated companies taken as a whole, and that the interim consolidated management report provides an accurate analysis of the information required.

The interim condensed consolidated financial statements for the first half of 2023 of DURO FELGUERA, S.A. and Subsidiaries and the interim consolidated management report were signed by all the directors.

Gijón, 29 September 2023.

Rosa Isabel Aza Conejo Chairwoman	Jaime Argüelles Álvarez Chief Executive Officer
José Julián Massa Gutiérrez del Álamo Deputy Chairman	Valeriano Gómez Sánchez Director
Jordi Sevilla Segura Director	César Hernández Blanco Director
María Jesús Álvarez González Director	