FY 2022 Results

28 February 2023

Audited accounts

MAIN HIGHLIGHTS

- YTD backlog at €10.7 billion
- FY 2022 sales at €4,233 million (+51% vs. FY 2021)
- Q4 2022 EBIT at €39 million
- Q4 2022 net profit at €13 million
- Net cash position of €158 million

Juan Lladó, Técnicas Reunidas' Executive Chairman, commented:

"A year ago, I told you that we expected to revert back to normality in all fronts as 2022 progressed. This has definitely been the case. Quarterly sales are back above the one billion level; and, through operational leverage, that growth has steadily raised our underlying margins; and lifted our net cash generation.

However, the improvement throughout 2022 was not linear. From March onwards, the sector experienced a period of extreme volatility in raw material markets and supply chain tensions, that did not calm down until late in the year. On the one hand, it required of strong management measures to preserve our project margins. On the other, after a strong commercial start of the year with significant awards, the volatility put on hold major final investment decisions by our clients, as they waited for more clarity under a more stable environment.

Fortunately, we have left back such scenario and we are seeing a quick reactivation of bidding activity. In fact, in just two months we have secured major awards that are an example of the positive commercial trends.

But this is the tip of the iceberg. Our pipeline of projects keeps growing and getting closer to the bidding stage. We have little doubt about what lies ahead: a multiyear investment supercycle in the energy sector, in both the traditional and the low carbon sector. We have the responsibility to make sure that we have all kind of resources to take full advantage of this environment, to play a relevant role in line with our franchise and client reputation. The market is giving us the opportunity to grow and we will."

Highlights € million	Q4 2022	2022	2021
YTD Backlog	10,732	10,732	10,519
Net Revenues	1,423	4,233	2,806
EBIT	38.6	8.7	-156.6
Margin	*2.7%*	*0.2%*	*-5.6%*
Net Profit (2)	12.8	-34.5	-192.1
Margin	*0.9%*	*-0.8%*	*-6.8%*
Net Cash Position (1)	158	158	-76

(1) Figures classified as Alternative Performance Metrics ("APMs"). See appendix.

(2) Profit for the year from continuing operations

FY 2022 RESULTS SUMMARY

YTD backlog, that includes awards already secured in 2023, reached €10.7 billion. New orders in 2022 reached €1.7 billion. Macro volatility in the first half of 2022 led to delays of Final Investment Decisions (FID's) by our clients. However, commercial activity has substantially improved by the end of the year and we have seen an acceleration of bidding processes leading to new awards in 2023.

The main projects added to the backlog in 2022 were: two awards in Mexico for CFE for a total of four combined cycles; the expansion of the sulfur-handling, storage and loading facilities of the North Field Expansion Project for Qatargas in Qatar; and the new ethylene plant for INEOS in Belgium. Additionally, TR was entrusted during the year by Qatargas and INEOS with increases in scope of these initial projects, as well as new works, adding further volume to the backlog.

Moreover, the company signed important engineering contracts and agreements for future project developments in the energy transition industries. In particular, TR signed significant contracts for emblematic energy transition developments, such as HyDeal, Peterhead or Allied Methanol, that show the ramp up of activity in this area.

Since the beginning of 2023, several major awards that amount to €1.2 billion have been awarded to TR:

- Kazazot, the leading company in the fertilizer industry in Kazakhstan has selected TR to develop a new ammonia, urea, nitric acid and ammonium nitrate complex. With a total investment of approximately $1 billion, the plant will be located in the southwestern side of Kazakhstan. Técnicas Reunidas will first carry out the engineering design under a FEED OBE contract, that will require about 200.000 engineering hours and will be executed at its Madrid office. Once the FEED is completed, TR will execute the full engineering, procurement and construction of the plant through an EPC contract.

- TR has also been selected for the development of a **strategic LNG project** in Europe, that is expected to be signed in Q1 2023, for a client that cannot be disclosed yet.

Total sales reached €4,233 million in 2022, with a 51% increase vs. 2021; and a 23% increase on a quarterly basis. This high growth rates show the strong recovery of operations, despite the highly volatile scenario initially experienced in the first half of 2022, that affected raw material prices and workforce availability. The company has progressively moved back to quarterly figures above €1 billion and expects this pre-Covid sales level to be sustained in coming quarters.

EBIT in 2022 stood at €8.7 million, a figure impacted by a one-off provision of €75 million for litigations accounted in the second quarter. **EBIT** for Q4 2022 reached €38.6 million, which shows the steady recovery of underlying margins quarter after quarter.

The **net cash position** at the end of 2022 stood at €158 million, that compares with €-76 million at the end of 2021. Net cash generated by operations amounted to €139 million, a figure that shows the gradual normalization of payment practices combined with the continuous effort of TR's management on the improvement of working capital. The 2022 yearend figure also includes two important one-offs: the €80 million cash outflow in the month of July, due to the Touat Gaz project bond execution; and the €175 million inflow, related to the Profit Participating Loan (PPL), received in February 2022.

Net profit for Q4 2022 period reached €12.8 million. Net profit for 2022 stood at €-34.5 million, affected by the aforementioned one-off litigation provisions.

OUTLOOK AND GUIDANCE FOR 2023

The company currently forecasts for 2023:

- Sales at €4 billion.
- EBIT margin at 4%.

Webcast results details

Técnicas Reunidas will hold a conference call on 1st March at 16:00 CET. It can be accessed through the link in its homepage: http://www.tecnicasreunidas.es/en/

BACKLOG AND ORDER INTAKE

€ million	2022	2021
YTD Backlog	10,732	10,519
Order intake	1,686	4,165

Backlog

Refining		
Project	**Country**	**Client**
Sitra refinery	Bahrain	BAPCO
Duqm refinery	Oman	DRPIC
Environmental enhancement project	Chile	ENAP
Exxon Mobil refinery	Singapore	Exxon Mobil
Minatitlán refinery	Mexico	Pemex
Baku refinery	Azerbaijan	SOCAR
Hydrotreatment and hydrogen units	Argentina	YPF
Hassi Messaoud refinery	Algeria	Sonatrach
Natural Gas		
Project	**Country**	**Client**
Combined cycles	Mexico	CFE
Sewa	United Arab Emirates	Sumitomo / GE EFS
Cogeneration plant	Canada	Suncor
Energy efficiency	Colombia	Termocandelaria
North Field package 3	Qatar	Qatargas
North Field package 4	Qatar	Qatargas
Marjan	Saudi Arabia	Saudi Aramco
Dalma	United Arab Emirates	ADNOC
Das Island	United Arab Emirates	ADNOC LNG
GT5	Kuwait	KNPC
Haradh	Saudi Arabia	Saudi Aramco
Petrochemicals		
Project	**Country**	**Client**
FEED Tuban	Indonesia	Pertamina / Rosneft
Polyethylene plant	Canada	Nova Chemicals
PTA Complex	Turkey	SASA Polyester
Petrochemical complex	Poland	Orlen
Ethylene plant	Belgium	INEOS
Low Carbon Technologies		
Project	**Country**	**Client**
AMA	Netherlands	G.I.D Dynamics
Other		
Project	**Country**	**Client**
Bu Hasa	United Arab Emirates	ADNOC Onshore

With the addition of the recent awards in 2023, the YTD backlog amounted to €10.7 billion.

Refining comprised 32% of the total backlog, natural gas accounted for 38%, petrochemicals covered 25%, low carbon technologies amounted 4% and other projects reached 1% of the backlog.

The backlog includes the Hassi Messaoud Project. The JV, Samsung and Técnicas Reunidas, is exploring together with the client, Sonatrach, how to relaunch the project and potential alternatives.

Order intake

2022 order intake reached €1.7 billion. The main projects awarded in our traditional business were:

- Two contracts for a total of four combined cycles in Mexico for CFE (Mexico's Federal Electricity Commission). These contracts were awarded to the consortium formed by TR and TSK and include engineering, supply, construction and commissioning of the balance of plant of the combined cycle power plants.

  Two of the combined cycles will be located in the Yucatan Peninsula, at Valladolid and Mérida (with the power trains and heat recovery steam generators provided by Mitsubishi); and the other two will be placed in San Luis Rio Colorado and González Ortega (with the power trains and heat recovery steam generators provided by Siemens). They will all contribute to the improvement and decarbonization of the Mexican electricity sector.

  The total contract amount for Técnicas Reunidas is close to USD675 million.

- The NFXP Sulfur Project for QatarEnergy in Qatar. The contract was awarded to a joint venture formed by Técnicas Reunidas (70%) and the Chinese company Wison Engineering Ltd. (30%) for more than USD600 million.

  The project consists of the construction of new sulfur handling, storage and loading facilities to process and export sulfur from the existing expansion of the LNG plant at Ras Laffan Industrial City. These new plants will process an average of 5,000 tons of molten sulfur per day.

- The project management, engineering, procurement and construction management and supervision services for a world scale ethylene plant in Europe for INEOS.

  INEOS, the world's leading private chemical company, will invest €3-4 billion euros in this project. It will be the largest capital investment made by the European chemical sector in the last 20 years. The facility, to be built in the Belgian port of Antwerp, will have a production capacity of 1.5 million tons per year. Start-up of the facility is expected in 2026.

  TR will mobilize a highly qualified team that will reach a peak of 450 professionals in Madrid, composed of process engineers and chemical engineers, among other specialties. In addition, TR will mobilize a peak of 225 professionals for construction supervision to the site where the construction of the large-scale modules, designed by Técnicas Reunidas, will be carried out.

- **Exercise by Qatargas of optional contract scope expansions and new additional ancillary jobs within the major projects launched by INEOS and Qatargas.**

  Qatargas exercised its options to further expand the scope of Técnicas Reunidas works in the two projects that had been awarded to TR within its major North Field Expansion project. Those projects were related to storage and loading of facilities of liquids and by-products of the natural gas liquefaction process; as well as to the gas diversion and pipeline crossing project.

  In addition, over the course of the year, Qatargas and INEOS awarded Tecnicas Reunidas with additional new jobs within their major projects. Altogether, contract additions and new projects amounted to an increase of more than €500 million to the backlog of the company.

Furthermore, the company signed several important contracts in the low carbon technologies segment:

- **HyDeal selected Técnicas Reunidas for the technical design, architecture and supply chain of the first Spanish hydrogen plants.**

  HyDeal España is an industrial JV of ArcelorMittal, Enagás, Grupo Fertiberia and DH2 Energy. It is the largest integrated renewable hydrogen hub in Europe with a total installed capacity will reach 9.5 GW of solar power and 7.4 GW of electrolyzers. The production of hydrogen will start by the end of 2025, reaching 330,000 tons in 2030.

- **The FEED for a combined cycle plant with carbon capture technology for SSE Thermal and Equinor in Peterhead, Scotland.**

  The project, in which Técnicas Reunidas will be part of a consortium formed by Mitsubishi Heavy Industries and Worley, will involve the commercial application of state-of-the-art natural gas-fired power generation technology integrated with carbon capture, removing up to 1.5 million tonnes of CO_2 emissions every year. The captured carbon will be stored in wells in the North Sea. The project is awaiting regulatory approval.

- **The FEED for an integrated methanol and blue ammonia plant in Australia for Allied Methanol.**

  The development of the FEED would put Técnicas Reunidas in a good position to continue with the following phases of the project execution, which includes detailed engineering, equipment and materials procurement and construction management. The plant configuration will enable carbon emissions to be reduced by half compared to traditional technologies.

- **The engineering services for a world scale green hydrogen plant in Spain**

  Already in 2023, Copenhagen Infrastructure Partners (CIP) has awarded Técnicas Reunidas an engineering contract for the development of a large-scale green hydrogen generation plant to be built in Andorra (Teruel, Spain). The engineering contract includes the plant configuration study, the preparation of relevant technical documentation for permits and a full cost estimate.

The project, named Catalina, involves in a first stage the development of a 500 MW green hydrogen generation plant that will produce more than 50,000 tonnes per year of hydrogen. The second phase includes the expansion of the plant to 2 GW.

Energy transition and decarbonization

During 2021 and 2022, Técnicas Reunidas has continued to intensify its positioning in low carbon technologies: the hydrogen value chain, biofuels and biochemicals and carbon capture. Técnicas Reunidas' has a thorough know how and capabilities in the technologies identified by the International Energy Agency to mitigate 52% of the the emissions to reach a net zero scenario in 2050.

To increase the number of projects within TR's backlog with these technologies and to find new opportunities related to the decarbonization of the economy, Técnicas Reunidas has structured a new Energy Transition Business Unit in the first months of 2022, that reports directly to the CEO.

Técnicas Reunidas' strategy with respect to the energy transition involves:

- **Provide engineering services to large companies in the oil and gas industry, energy-intensive industries and infrastructure funds t help to define low carbon projects.**

  The main energy transition projects that Técnicas Reunidas is working on are as follows:

  - HyDeal, the company behind Europe's largest investment in green hydrogen, which awarded Técnicas Reunidas a basic engineering study for a green hydrogen production plant.
  - A partnership of the Norwegian company Equinor and the English company SSE awarded the consortium formed by Mitsubishi Power Systems, Worley and Técnicas Reunidas a basic and detailed engineering project for a 900 MW combined cycle plant with a carbon capture unit.
  - Técnicas Reunidas has completed the detailed engineering for a plant to produce biomethanol from wood, domestic and commercial waste, located in Amsterdam.
  - Other projects include engineering services for a biomethanol plant in Spain, the feasibility study and technology selection for a blue hydrogen plant and the feasibility study of a carbon capture unit for a biomass electricity generation plant.

- **Identify and structure investment opportunities in key energy transition technologies.**

  Técnicas Reunidas has configured a new project structuring activity with the aim of promoting projects associated with the energy transition that attract third-party investment and are executed in the FEED and EPC stage by TR.

  It currently has the following projects in the development phase:

- A green ammonia production project in Southeast Spain.
- A project to produce second-generation bioethanol, biomethane and biomethanol from agricultural and forestry waste in Aragon.

  Técnicas Reunidas is leading the structuring of all these projects and is in talks with important companies interested in participating as investors, plant operators or final products' offtakers.

- Identify and structure recurring services associated with the energy transition. Técnicas Reunidas is currently working in two business lines:
  - Outsourcing the management of carbon emissions captured in processes at large industrial plants.
  - Identification, quantification, mitigation, control and management of methane emissions. Técnicas Reunidas is providing its first services for the definition of methane emissions management frameworks.
- Leverage on Técnicas Reunidas industrial footprint and know how to scale up to an industrial level promising low carbon technologies.

Research and Development projects

Técnicas Reunidas continues with its firm commitment to research, development and scaling of new technologies focused on energy transition.

In this regard, initiatives of different types are particularly relevant in technological proposals associated with: the development of high-efficiency electrolysers to produce green hydrogen; carbon capture; circular economy with the recycling of fibreglass and carbon fibre and mainly with the recycling of plastics; and extraction technologies for obtaining critical raw materials essential for the energy transition.

In 2022, Técnicas Reunidas continued to work on national and European research and development projects:

Hydrogen

- EVER: development of Low Cost Electrolyzers for the production of green Hydrogen based on anionic membrane technologies.
- SHINEFLEET: development of compact renewable and blue hydrogen generators for the heavy transport industry.

Circular Economy

- SEA4VALUE: European project (H2020) to develop technologies to recover valuable metals from brines produced in desalination plants.
- DUST: development of technology for the treatment and direct valorization of steel mill dust, waste considered hazardous waste due to its high heavy metal content.
- RECYCLION: development of technology for the recycling of electric vehicle end-of-life batteries with special emphasis on their sustainability, economic viability and integration into the circular economy of the value chain of lithium-ion battery manufacturers.

Critical Raw Materials

- **REMSELAN:** development of technology to obtain rare earths (cerium, neodymium, praseodymium, lanthanum and europium) by separation and purification of lanthanum.
- **BIORECOVER:** European project (H2020) for the development of rare earth and platinum recovery technology from primary and secondary sources.

Biorefinery

- **LEVAPLUS:** development of technology for the valorization of raw materials rich in C6 sugars through the production of carboxylic acids that serve as a chemical platform for obtaining chemical products, polymers or pharmaceuticals. There is currently a portfolio of business opportunities for the industrial implementation of all these technologies in the coming years.

As for the new projects that have started during 2022:

Hydrogen and Carbon Capture

- Project **MISSIONS EFISOEC** led by REPSOL, with Técnicas Reunidas participating as technologist and engineering for the development of technology to produce Green Hydrogen using SOEC (Solid Oxide Electrolyzer Cell) technology.

- **HY2DEC MISSIONS** project led by ACERIAS DE ALAVA and Técnicas Reunidas is participating as a technologist and engineer for the development and validation of new emerging technologies for the production and use of hydrogen and green oxygen, as well as CO2 capture, and their integration in intensive Spanish industrial processes with the aim of advancing in their decarbonisation.

Circular Economy

- **PERTE VEC FUTURE**: FAST FOWARD led by SEAT where Técnicas Reunidas will develop the "RELOAD" Circular Economy project for the recovery of critical raw materials and high-value metals from batteries, engine super magnets and electronic components of electric vehicles.

- European **ECOTRON project** for the development of new materials, manufacturing processes and recycling technologies for electronic devices with a view to environmental sustainability.

- The **SUNRISE PV MISSIONS** project led by MAGTEL, in which Técnicas Reunidas participates as a technologist and engineer for the development of new processes for the recovery and reuse of critical materials and components in the solar photovoltaic value chain, increasing their value and improving the environmental impact of the technology.

Critical Raw Materials

- The **MINETHIC MISSIONS** project, led by Técnicas Reunidas, is based on the development of technologies for obtaining critical raw materials that are essential for the success of the energy transition.

Other

- European POWER2HYPE Project Development and demonstration of a new process to produce hydrogen peroxide, changing the established chemical route that demands energy for a sustainable electrochemical route.

New segmentation

Before we move to the analysis of the 2022 results, it is important to highlight the change in segmentation that has been implemented by the company. This change is in line with its new organization and focus.

Traditionally, the Group divided its business into three divisions: Oil and gas, Power and Other industries:

- The Oil and Gas segment focused on providing engineering, procurement and construction services relating to oil and chemicals processing and production operations, and activities relating to the entire natural gas production and extraction value chain.
- In the Power industry, the Group performed consulting, engineering, procurement and construction services for a range of electricity generating plants.
- In the “Other industries” segment, the Group carried out projects in multiple arenas, such as airports, industrial facilities, desalination and water treatment plants, and projects for public authorities and other bodies, such as car parks and municipal sports centres.

The Company's management has decided to implement a redesigned segmentation to reflect the insights on the business activities of the Group in a more appropriate and comparable way to peer companies in the sector and to adapt the reporting format to the enhanced positioning of the Group in energy transition technologies. This new segmentation comprises the following operating segments: Refining; Natural Gas; Petrochemicals; Low Carbon Technologies; and Others:

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

  Additionally, the Group has extensive experience in the design and construction of the most advanced technologies in refining processes. Similarly, the Group offers its clients the possibility of revamping existing plants to improve their efficiency and make progress in the sustainability actions and commitments they have decided to implement.
- Natural Gas: this area provides steering, management, engineering, procurement, construction and commissioning services for facilities throughout

the entire supply chain, from natural gas production to regasification terminals, as natural gas is a key fuel for advancing towards decarbonisation objectives. In this regard, the Group has designed and executed all types of facilities, from production installations in natural gas fields, to treatment and processing plants, compression stations, liquefaction, storage tanks and final regasification facilities.

- Petrochemicals: this area provides steering, management, engineering, procurement, construction and start-up services for facilities engaged in the production of basic chemical materials used in water distribution, pharmaceuticals, healthcare, food, energy efficiency in buildings and transport systems, among others. Refining plants are being integrated with petrochemical operations, supplying both markets in an efficient and flexible manner and optimising the consumption of natural resources.
- Low Carbon Technologies: this segment comprises the following lines of activities:

(i) Hydrogen; through this line of business, the Group actively participates by offering solutions for the whole hydrogen value chain, helping its customers in the integration of this element in their portfolio of products.

(ii) Carbon Capture and Storage; this line helps large industrial companies such as the steel, chemical, cement, and paper industries capturing unavoidable carbon emissions from their industrial processes. Once captured, carbon dioxide is either permanently stored or converted into synthetic fuels.

(iii) Circular Economy and Bioproducts; within this line of activity, the Group provides services to produce power, biogas, biofuels and biochemicals from different types of waste.

- Others: this area provides project steering, management, engineering, procurement, construction and commissioning services for facilities related to activities outside of the business lines of the Group. The main activities involve water treatment, port infrastructures and oil production. This segment also includes those projects whose completion was not achieved as a result of client termination through the execution of guarantees. The purpose of this inclusion is to avoid distorting the analysis of the remaining segments.

2022 RESULTS

€ million	2022	2021
Net Revenues	4,233.4	2,806.0
Other Revenues	14.9	21.2
Total Income	4,248.2	2,827.2
Raw materials and consumables	-3,352.7	-2,123.5
Personnel Costs	-480.9	-475.7
Other operating costs	-380.0	-357.2
EBITDA	34.6	-129.2
Amortisation	-25.9	-27.4
EBIT	8.7	-156.6
Financial Income / expense	-27.2	-22.1
Share in results obtained by associates	-0.1	-1.1
Profit before tax	-18.5	-179.8
Income taxes	-15.9	-12.3
Profit for the year from continuining operations	-34.5	-192.1
Profit (loss) from discontinued operations	0.0	0.0
Profit for the year	-34.5	-192.1
Non-controlling interests	-2.6	1.7
Profit Attibutable to owners of the parent	-37.1	-190.4

Revenues

Net revenues reached €4,233.4 million in 2022, with a 51% increase versus 2021. Net revenues in Q4 2022 stood at €1,423.0 million. Growth quarter on quarter was 23%. It is the sixth consecutive quarter of sales growth, showing the progressive recovery of operations, heavily impacted by Covid in the previous 2 years. It is important to highlight, though, that the €1,423.0 million Q4 2022 figure includes some changes of scope and claims, with an smaller impact on EBIT.

The net revenues breakdown according to the new segmentation is as follows:

€ million	2022	*Weight*	2021	*Weight*
Refining	1,425.9	*33.7%*	1,228.5	*43.8%*
Natural gas	1,632.1	*38.6%*	1,037.2	*37.0%*
Petrochemicals	842.6	*19.9%*	283.7	*10.1%*
Low carbon technologies	5.7	*0.1%*	0.5	*0.0%*
Other	327.0	*7.7%*	256.2	*9.1%*
Net Revenues	**4,233.4**	***100%***	**2,806.0**	***100%***

- Sales from the **refining** division went up 16% and reached €1,425.9 million in 2022. Refining revenues represented 34% of total sales. The most relevant projects in this division that contributed to sales are the refinery expansion for ExxonMobil in Singapore, the modernization of the BAPCO refinery and the Duqm refinery for DRPIC.
- Sales from the **natural gas** division went up 57%, reached €1,632.1 million in 2022 and represented 39% of total sales. The most relevant projects in this division that contributed to sales are Marjan for Saudi Aramco, North Field package 3 for Qatargas, Dalma for ADNOC and the 4 combined cycles for CFE.
- Sales from the **petrochemicals** division went up 197% and reached €842.6 million in 2022. Petrochemicals revenues represented 20% of total sales. The most relevant projects in this division that contributed to sales are the petrochemical complexes for Orlen and Sasa, and the ethylene plant for INEOS.
- Sales from the **low carbon technologies** division reached €5.7 million in 2022.
- Sales from the **other** division went up 28% and reached €327.0 million in 2022. Its revenues represented 34% of total sales.

Operating and net profit

€ million	Q4 2022	2022	2021
Operating profit from divisions	**62.9**	**101.4**	**-54.0**
Costs not assigned to divisions	-24.3	-92.7	-102.7
EBIT	**38.6**	**8.7**	**-156.6**
Margin	*2.7%*	*0.2%*	*-5.6%*
Net Profit*	**12.8**	**-34.5**	**-192.1**
Margin	*0.9%*	*-0.8%*	*-6.8%*

*Net Profit from from continuining operations

On a quarterly basis, Q4 2022 **EBIT** stood at €38.6 million with an EBIT margin over sales improved to 2.7%.

EBIT in 2022 stood at €8.7 million, a figure impacted by €27 million of Covid costs and a one-off provision of €75 million for litigations, that is mainly due to the call of performance bonds of our Touat Gaz project in Algeria by our client, as announced in the second quarter of this year.

General costs that are not assigned to any division, such as corporate costs, stood at €92.7 million, which implies a decline in almost 10% versus the same period of last year. This evolution shows the effort in terms of cost containment that TR is performing in recent quarters.

Net profit in Q4 2022 was €12.8. Net profit for 2022 was €-34.5 million, which compares to €-192.1 million in the same period of last year.

According to the new segmentation, the EBIT evolution in the last 2 years was as follows:

	2022						
€ million	Total	Refining	Natural gas	Petchem	Low carb tech	Other	Not assigned
Net revenues	4,233.4	1,425.9	1,632.1	842.6	5.7	327.0	
EBIT	8.7	73.5	55.5	89.5	-1.1	-116.0	92.7
Margin	*0.2%*	*5.2%*	*3.4%*	*10.6%*	*-19.5%*	*-35.5%*	

	2021						
€ million	Total	Refining	Natural gas	Petchem	Low carb tech	Other	Not assigned
Net revenues	2,806.0	1,228.5	1,037.2	283.7	0.5	256.2	
EBIT	-156.6	-3.8	31.1	26.7	-0.7	-107.2	102.7
Margin	*-5.6%*	*-0.3%*	*3.0%*	*9.4%*	*-155.3%*	*-41.9%*	

In addition to the operating income evolution, explained above, net profit also reflects the effect of financial results and taxes:

- Financial expense was €-27.2 million, including €-29.4 million of financial costs and €2.3 million due to gains from transactions in foreign currency. The €-27.2 million includes €6.1 million of hyperinflation adjustment linked to the operations in Argentina and Turkey (considered as a hyperinflation economy since the start of 2022). Without this adjustment, financial expense would have been €-21.1 million.
- Company income tax was a positive €15.9 million, since certain countries are delivering profits and booking the subsequent tax expense, while countries with a negative result are not booking in full the tax credits generated.

€ million	2022	2021
Net financial Income *	-29.4	-16.9
Gains/losses in transactions in foreign currency	2.3	-5.1
Financial Income/Expense	**-27.2**	**-22.1**

* Financial income less financial expenditure

Balance sheet

€ million	31 Dec 2022	31 Dec 2021
Tangible and intangible assets	107.8	113.1
Investment in associates	1.5	1.6
Deferred tax assets	409.4	410.9
Other non-current assets	96.7	83.0
Non-current Assets	**615.4**	**608.6**
Inventories	7.7	8.6
Trade and other receivables	3,174.6	2,568.0
Other current assets	59.0	31.3
Cash and Financial assets	959.7	666.9
Current assets	**4,200.9**	**3,274.8**
TOTAL ASSETS	**4,816.4**	**3,883.4**
Equity	**83.0**	**104.7**
Profit Participating Loan (PPL)	175.0	0.0
Total Equity (Equity + PPL)	**258.0**	**104.7**
Non-current liabilities	**699.9**	**570.7**
Financial Debt	600.2	475.5
Other non-current liabilities	99.7	95.2
Long term provisions	**82.1**	**70.3**
Current liabilities	**3,776.4**	**3,137.8**
Financial Debt	201.9	267.4
Trade payable	3,487.5	2,775.1
Other current liabilities	87.0	95.4
Total liabilities	**4,733.3**	**3,778.8**
TOTAL EQUITY AND LIABILITIES	**4,816.4**	**3,883.4**

The **net cash position** at the end of 2022 stood at €158 million, that compares with €-76 million at the end of 2021. There has been positive progress in net cash generated by operations that shows a gradual normalization of payment practices combined with the continuous effort of TR's management on the improvement of working capital. The 2022 yearend figure includes the €80 million cash outflow in the month of July due to the Touat Gaz project bond execution and the €175 million inflow, related to the Profit Participating Loan (PPL), received in February 2022.

€ million	31 Dec 2022	31 Dec 2021
Current assets less cash and financial assets	3,241.2	2,607.9
Current liabilities less financial debt	-3,574.5	-2,870.5
COMMERCIAL WORKING CAPITAL*	**-333.3**	**-262.5**
Financial assets	0.0	0.0
Cash and cash equivalents (1)	959.7	666.9
Financial Debt (2)	-802.1	-742.9
NET CASH POSITION	**157.5**	**-76.0**
NET CASH + COMMERCIAL WORKING CAPITAL	**-175.7**	**-338.5**

*Calculated as "Current assets less cash and financial assets" - "Current liabilities less financial debt"
(1) Includes PPL as of 31 Dec 2022
(2) Does not include PPL

At the end of December 2022, total equity of the company stood at €258.0 million. This figure includes the €175 million PPL from SEPI.

€ million	31 Dec 2022	31 Dec 2021
Shareholders' funds + retained earnings	157.9	171.0
Treasury stock	-72.9	-73.3
Hedging reserve	-14.2	-2.6
Interim dividends	0.0	0.0
Minority Interest	12.2	9.6
Profit Participating Loan (PPL)	175.0	0.0
TOTAL EQUITY + PPL	**258.0**	**104.7**

APPENDIX

IFRS 16: 2022 Reconciliation

€ Million	2022	Impact	2022 Adjusted IFRS 16
EBITDA	34.6	-19.7	14.9
Depreciation	25.9	-19.0	6.9
Financial charges	-27.2	-0.9	-26.3
Net profit	-18.5	-	-18.5
"Right of use" assets	51.3	51.3	0.0
Short-term lease liabilities	17.3	17.3	0.0
Long-term lease liabilities	35.1	35.1	0.0

Alternative Performance Metrics ("APMs")

1. EBITDA ("Earnings Before Interest, Taxes, Depreciation and Amortization") is a financial indicator used by Management to measure the Group´s ability to generate profits considering only its operations and allows the comparison with other oil services sector companies. It is calculated by deducting from the operating profit, the amortisation and impairments.

Concept	Definition	2022	2021
(+) Revenues	Revenues and other income	4,248.2	2,827.2
(-) Operating expenses	Raw materials and consumables, employee benefit expense, other expenses, depreciation/amortisation and	-4,239.5	-2,983.9
= Operating income	Revenues - Operating expenses	8.7	-156.6
(+) Depreciation/amortisation and impairment charges	Depreciation/amortisation and impairment charges	25.9	27.4
EBITDA	Operating income excluding depreciation and amortisation	34.6	-129.2

2. EBIT is defined as "Earnings Before Interest and Taxes": It is an indicator of the operating income of the group prior deducting interest and taxes. This indicator is used by Management, together with EBITDA, when comparing to other oil services sector companies. EBIT is equivalent to the "operating profit". Its calculation was as follow:

Concept	Definition	2022	2021
(+) EBITDA	Operating income excluding depreciation and amortisation	34.6	-129.2
(-) Amortisation and depreciation expenses	Depreciation/amortisation and impairment charges	-25.9	-27.4
EBIT	Operating income	8.7	-156.6

3. **Net Cash** is the alternative performance measure used by management to measure the Group's level of net liquidity for the purpose of compliance with covenants related to financial debt. It is calculated as the difference between "cash and cash equivalents" plus "financial assets at fair value through profit or loss" less "borrowings" (excluding "borrowings associated with rights to use leased assets" and "participating loans"). Cash and cash equivalents include cash on hand, demand deposits with banks and other highly liquid short-term investments with an original maturity of three months or less. The calculation has been as follow:

Concept	Definition	2022	2021
(+) Cash and equivalents	Cash in hand, deposits held at call with banks, other short-term highly liquid investments with original	959.7	666.9
(+) Financial assets at fair value	Financial assets at fair value through profit and loss	0.0	0.0
(-) Financial debt	Short-term and long-term debt with credit entities	-802.1	-742.9
	Borrowings related to the assets classifies as held for sale	0.0	0.0
NET CASH	Cash and equivalents (+) Financial assets at fair value (-) financial debt	157.5	-76.0

4. **Backlog:** Backlog is calculated by the Group as the estimated amount of contracted revenue that the Group expects will result in future revenue from existing contracts adjusted to reflect changes in the scope of the contract and fluctuations in the exchange rate of currencies other than the euro applicable to the projects. The Backlog calculation also includes the estimated amount of revenue from contracts that have been signed but for which the scope of services and therefore the price has not yet been determined. In this case, the Group makes a downward revenue estimation and includes it as an item in the Backlog.

   The Group considers its Backlog a relevant indicator of the pace of development of its activities and monitors it to plan for its needs and to adjust its expectations, financial budgets and forecasts. The volume and timing of work execution in the Group's Backlog is relevant for the purpose of anticipating the Group's operational and financing needs and its ability to execute its Backlog is dependent on its ability to meet such operational and financing needs.

   On the foregoing basis, as of the date hereof, the Backlog amounts to €10,732 million (€9,514.85 million as of December 31, 2022; and €8,719 million as of December 31, 2021 and €10,519 million as of the date of results release on 28th February 2022).

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This document also contains, in addition to the financial information prepared in accordance with International Financial Reporting Standards (“IFRS”) and derived from our financial statements, alternative performance measures (“APMs”) as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415en) and other non-IFRS measures (“Non-IFRS Measures”). These financial measures that qualify as APMs and non-IFRS measures have been calculated with information from the Company; however those financial measures are not defined or detailed in the applicable financial reporting framework nor have been audited or reviewed by our auditors.

The Company uses these APMs and non-IFRS measures when planning, monitoring and evaluating its performance. The Company considers these APMs and non-IFRS measures to be useful metrics for its management and investors to compare financial measure of historical or future financial performance, financial position, or cash flows. Nonetheless, these APMs and non-IFRS measures should be considered supplemental information to, and are not meant to substitute IFRS measures. Furthermore, companies in the Company’s industry and others may calculate or use APMs and non-IFRS measures differently, thus making them less useful for comparison purposes.

For further details on APMs and Non-IFRS Measures, including its definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS, please see the section on "Alternative performance measures" (page 116 et seq.) of the integrated annual report for the fiscal year ended in 31 December 2022 of the Company, published on 28th February 2023. The document is available on the Company's website (www.tecnicasreunidas.es).