STATEMENT OF RESPONSIBILITY ON THE CONTENT OF THE ANNUAL FINANCIAL REPORT CORRESPONDING TO THE ACCOUNT PERIOD CLOSED ON DECEMBER 31, 2023 FROM GENERAL DE ALQUILER DE MAQUINARIA, S.A.:

The Company Management issues this annual financial report corresponding tot the year end on December 31, 2023 by signing the document below:

As per art. 8.1.b) under Royal Decree 1362/2007, all members of General de Alquiler de Maquinaria, S.A. Board of Directors state that, insofar as they know, the annual financial statements for the year end on December 31, 2023, have been drawn up under the applicable accounting standards, offer a faithful image of the net asset, financial situation and results of General de Alquiler de Maquinaria, S.A. and the companies comprising the consolidated Group taken as a whole, and that the jointly approved management report includes a faithful analysis of the business earnings and the positions of General de Alquiler de Maquinaria, S.A. and the companies comprising the consolidated Group taken as a whole, along with the description of the main risks and uncertainties facing them.

Mr. Pedro Luis Fernández CEO - President	**Mr. Francisco Lopez Peña** Director
Ms. Patricia Riberas López Director	**Ms. Verónica María Pascual Boé** Director
Mr. Jacobo Cosmen Menéndez Director	**Mr.** Director

Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

Auditor's Report on General de Alquiler de Maquinaria, S.A. and subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of General de Alquiler de Maquinaria, S.A. and Subsidiaries for the year ended 31 December 2023)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Ventura Rodríguez, 2
33004 Oviedo

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of General de Alquiler de Maquinaria, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of General de Alquiler de Maquinaria, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

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

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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

Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Key Audit Matters

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

Recoverability of goodwill
See notes 2.8, 4.1 d) and 8 to the consolidated annual accounts

Key audit matter	*How the matter was addressed in our audit*
At 31 December 2023 the Group has goodwill of Euros 28,525 thousand allocated to CGUs or groups of CGUs as detailed in note 8 to the consolidated annual accounts. The Group assesses the recoverable amount of goodwill at the end of each reporting period. The recoverable amount is calculated as the higher of value in use and fair value less costs to sell. The fair value less costs to sell is in turn calculated using the discounted cash flow method or as the market value of the second-hand machinery less costs to sell. As a result of the assessment performed by the Directors and management of the Parent, it has been estimated that there is no impairment of goodwill as the recoverable amount is considered to be higher than the carrying amount. The estimate of the recoverable amount requires value judgements and entails inherent uncertainty and we have therefore considered this a key audit matter.	Our audit procedures included the following: - Regarding the determination of the fair value obtained by cash flow discounting: — gaining an understanding and testing the design and implementation of the key controls related to the process for assessing indications of impairment and estimating the recoverable amount; — assessing the reasonableness of the pricing model used by the Group and the main assumptions considered, with the involvement of our valuation specialists; — contrasting the consistency of the information included in the pricing model with the business plan approved by the Company's governing bodies. We also contrasted the cash flow forecasts estimated in prior years with the actual cash flows obtained; — evaluating the sensitivity of the recoverable amount to changes in certain assumptions that can be considered reasonable. - Regarding the determination of fair value obtained on the basis of the market value of the second-hand machinery: — gaining an understanding of the process and testing the design and implementation of the key controls related to the machinery measurement process; — evaluating the reasonableness of the Group's estimation of fair value less costs to sell and comparing this value with the carrying amount; — obtaining historical records of the Group's sales of second-hand machinery; — assessing, for a sample of sales of second-hand machinery in 2023, the amount of the sale, and comparing it with the carrying amount of the machinery sold;

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Recoverability of goodwill

See notes 2.8, 4.1 d) and 8 to the consolidated annual accounts

Key audit matter	*How the matter was addressed in our audit*
	– analysing the sales of second-hand machinery made after the reporting date and assessing whether they were made for an amount higher than their carrying amount. We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the applicable financial reporting framework.

Machinery repair and maintenance, renewal, extension and improvement costs

See notes 2.5, 4.2 c) and 7 to the consolidated annual accounts

Key audit matter	*How the matter was addressed in our audit*
Considering the nature of the sector in which it operates, the Group annually incurs a high volume of repair and maintenance, renewal, extension and improvement costs. In 2023, the Group capitalised renewal costs for an amount of Euros 10,079 thousand, recognising them as additions to property, plant and equipment under machinery. Capitalised amounts recognised as an increase in the value of assets under the applicable financial reporting framework should reflect only renewal, extension and improvement costs, whereas repair and maintenance costs may not be capitalised and should be recognised as expenses for the year. Due to the judgement required to determine whether the costs incurred meet the criteria for capitalisation, there is a risk that the Group may capitalise costs which, due to their nature, should be recognised as an expense for the year and, conversely, may recognise expenses in the income statement for the year which, due to their nature, should be classified as assets. For this reason, this has been considered a key audit matter.	Our audit procedures on the capitalisation of machinery costs included the following: - gaining an understanding of the process carried out by the Group to capitalise the costs incurred; - testing the design and implementation of the key controls related to the process for capitalising additions to property, plant and equipment, particularly machinery; - evaluating, for a sample of additions to machinery in 2023, whether the capitalised costs meet the conditions for capitalisation set forth in the applicable financial reporting framework; - assessing, for a sample of additions to machinery in 2023 related to renewals, whether for every addition an associated replaced item was derecognised. We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the applicable financial reporting framework.

Business combinations
See notes 2.2 a), 4.1 g) and 6 to the consolidated annual accounts

Key audit matter	How the matter was addressed in our audit
As mentioned in note 6 to the accompanying consolidated annual accounts, the Group carried out significant business combinations in 2023. The accounting of these transactions was complex and required the application of value judgements in identifying and determining the fair value of the assets acquired and liabilities assumed. As a result of these transactions and in accordance with the applicable financial reporting framework, the Group has recognised goodwill amounting to Euros 2,511 thousand and negative goodwill from business combinations of Euros 384 thousand. We consider that these transactions are a key audit matter due to their significance and the inherent judgement involved in making fair value estimates.	Our audit procedures included the following: - gaining an understanding and testing the design and implementation of the key controls related to the process of identifying and determining the fair value of assets acquired and liabilities assumed in business combinations; - assessing the sale-purchase agreements related to the business combinations carried out in the year; - assessing the methodology and key assumptions used to determine the fair values of the assets acquired and liabilities assumed and identify them. We also assessed whether the disclosures in the consolidated annual accounts regarding these transactions meet the requirements of the applicable financial reporting framework.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2023 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2023, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

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

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

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

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

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

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital files of General de Alquiler de Maquinaria, S.A. and Subsidiaries for 2023 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Company, which will form part of the annual financial report.

The Directors of General de Alquiler de Maquinaria, S.A. are responsible for the presentation of the 2023 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation").

Our responsibility consists of examining the digital files prepared by the Directors of the Parent, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the consolidated annual accounts included in the aforementioned digital files fully corresponds to the consolidated annual accounts we have audited, and whether the consolidated annual accounts and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined fully correspond to the audited consolidated annual accounts, and these are presented and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 29 February 2024.

Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 22 June 2023 for a period of three years, from the year ended 31 December 2023.

Previously, we had been appointed for a period of three years, by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 December 2017.

KPMG Auditores, S.L.
On the Spanish Official Register of
Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

On the Spanish Official Register of Auditors ("ROAC") with No. 22,472

GENERAL DE ALQUILER DE MAQUINARIA, S.A. AND SUBSIDIARIES

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

Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

Contents of the consolidated financial statements for 2023

GENERAL DE ALQUILER DE MAQUINARIA, S.A. and SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2023

Expressed in thousands of euros

		As at 31 December	
ASSETS	**Note**	**2023**	**2022**
Non-current assets			
Property, plant and equipment	7	218,301	164,255
Goodwill	8	28,525	25,362
Other intangible assets	8	6,166	5,712
Right-of-use assets	16	126,099	91,681
Financial assets	9 and 11	2,205	4,624
Investments accounted for using the equity method	19	-	1,098
Other non-current assets	9	3,171	1,057
Deferred tax assets	20	8,336	5,826
Total non-current assets		**392,803**	**299,615**
Current assets			
Inventory	12	26,113	32,547
Trade and other receivables	9 and 10	76,221	58,654
Current corporation tax assets		-	237
Other current assets	11	3,003	928
Cash and cash equivalents	13	39,084	57,541
Total current assets		**144,421**	**149,907**
TOTAL ASSETS		**537,224**	**449,522**

The accompanying notes on pages 10 to 110 are an integral part of these consolidated financial statements

Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

GENERAL DE ALQUILER DE MAQUINARIA, S.A. and SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2023

Expressed in thousands of euros

		As at 31 December	
LIABILITIES	**Note**	**2023**	**2022**
EQUITY			
Equity attributable to owners of the parent		**101,947**	**93,506**
Share capital	14	94,608	94,608
Share premium	14	58,476	58,476
Treasury shares	14	(475)	(49)
Accumulated losses and Legal reserve	14	(53,687)	(62,740)
Other equity instruments		6,999	6,999
Translation differences		(3,974)	(3,788)
Non-controlling interests		**2,079**	**4,039**
Total equity		**104,026**	**97,545**
Non-current liabilities			
Provisions	21	3,842	1,241
Bond issues and other marketable securities	9 and 17	29,821	29,691
Borrowings and other financial liabilities	9 and 17	147,104	115,299
Lease liabilities	9 and 16	77,597	59,637
Contract liabilities from contracts with customers	18	14,893	11,008
Deferred tax liabilities	20	253	271
Total non-current liabilities		**273,510**	**217,147**
Current liabilities			
Provisions		2,251	475
Bond issues and other marketable securities	9 and 17	17,127	22,352
Borrowings and other current financial liabilities	9 and 17	30,587	33,266
Lease liabilities	9 and 16	34,711	23,389
Contract liabilities from contracts with customers	18	6,535	5,049
Trade and other payables	9 and 15	68,069	50,299
Current corporation tax liabilities		408	-
Total current liabilities		**159,688**	**134,830**
TOTAL LIABILITIES AND EQUITY		**537,224**	**449,522**

The accompanying notes on pages 10 to 110 are an integral part of these consolidated financial statements.

Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

GENERAL DE ALQUILER DE MAQUINARIA, S.A. and SUBSIDIARY COMPANIES
CONSOLIDATED INCOME STATEMENT AS AT 31 DECEMBER 2023

Expressed in thousands of euros

	Note	As at 31 December 2,023	2,022
Recurring revenue	22	280,855	223,239
Other revenue	7	12,786	10,532
Procurement	23	(105,537)	(80,622)
Staff costs	25	(67,954)	(52,731)
Depreciation (amortisation) charge	7, 8 and 16	(49,621)	(41,223)
Profit (loss) on investments accounted for using the equity method		12	(273)
Negative goodwill on business combinations	6	810	-
Other operating expenses	24	(48,107)	(42,269)
Operating profit (loss)		**23,244**	**16,653**
Financial income	26	145	143
Financial expenses	26	(15,828)	(9,334)
Exchange differences	26	(641)	(413)
Financial profit (loss)		**(16,324)**	**(9,604)**
Pre-tax profit (loss)		**6,920**	**7,049**
Corporation tax	27	2,124	818
Profit (loss) for the year		**9,044**	**7,867**
Profit (loss) attributable to:			
Equity holders of the parent		**9,069**	**7,660**
Non-controlling interests		**(25)**	**207**

Earnings (loss) per share in euros (Note 28):

Basic	0.10	0.08
Diluted	**0.10**	**0.08**

The accompanying notes on pages 10 to 110 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME RECOGNISED AS AT 31 DECEMBER 2023

Expressed in thousands of euros

	As at 31 December	
	2023	2022
PROFIT (LOSS) FOR THE YEAR	**9,044**	**7,867**
OTHER COMPREHENSIVE INCOME		
Items that can subsequently be reclassified to profit or loss:		
Foreign currency translation differences	(186)	1,141
Total items that can subsequently be reclassified to profit or loss	**(186)**	**1,141**
Total comprehensive income for the year, net of tax	**8,858**	**9,008**
Attributable to:		
- Equity holders of the parent	8,883	8,801
- Non-controlling interests	(25)	207
	8,858	**9,008**

The accompanying notes on pages 10 to 110 are an integral part of these consolidated financial statements

GENERAL DE ALQUILER DE MAQUINARIA, S.A. and SUBSIDIARY COMPANIES
CONSOLIDATED CASH FLOW STATEMENT AS AT 31 DECEMBER 2023

Expressed in thousands of euros

	Year ended 31 December	
	2,023	2,022
Pre-tax profit (loss) for the year	**9,044**	**7,867**
Adjustments to profit (loss)	**61,109**	**48,430**
+ Corporation tax expense	(2,124)	(818)
+ Amortisation/depreciation (Note 7, 8 and 16)	49,599	41,223
+ Impairment losses (Notes 7, 10 and 12)	549	745
+ Financial expense	15,828	9,747
- Financial income	(145)	(143)
- Profit (loss) on investments accounted for using the equity method	(12)	270
- Negative goodwill on business combinations	(810)	-
+/- Other adjustments to profit (loss)	(1,776)	(2,594)
Changes in working capital	**13,421**	**(4,948)**
Change in inventories (Note 12)	8,508	(10,365)
Change in trade and other receivables.	(9,128)	(7,536)
Change in other current assets and liabilities	(2,247)	(58)
Change in trade and other payables (Note 15)	2,936	7,471
Change in other assets and liabilities	13,352	5,540
Other cash flows from operating activities	**(1,886)**	**(1,807)**
- Corporation tax paid	(1,886)	(1,807)
1) Cash flows from operating activities	**81,688**	**49,542**

Investment payments	**(83,715)**	**(50,208)**
Financial investments	-	-
Business combinations	(19,938)	(5,801)
Cash outflows from investments in property, plant and equipment, intangible assets and rights of use	(63,777)	(44,407)
Disposal proceeds	**-**	**7,793**
Property, plant and equipment	-	7,793
Financial investments	-	-
2) Cash flow from investing activities	**(83,715)**	**(42,415)**

Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

Expressed in thousands of euros

	Year ended 31 December	
	2,023	2,022
Proceeds and payments for equity instruments	**(426)**	**3,391**
+ Capital increase	-	3,440
- Acquisition of treasury shares	(426)	(49)
Cash inflows and outflows from financial liabilities	**(16,004)**	**33,143**
+ Proceeds from borrowings (Note 17)	57,587	63,378
+/- Change in other debts (Note 17)	(7,167)	33,338
- Repayment of debts (Note 17)	(20,891)	(33,441)
- Financial expenses (Note 26)	(15,539)	(6,855)
- Lease liability payments (Note 16)		-
Operating investments	(23,311)	(16,800)
Other leases	(6,683)	(6,477)
Cash flows from financing activities	**(16,430)**	**36,534**
Total change in cash flow	**(18,457)**	**43,661**
Cash and cash equivalents at beginning of year	**57,541**	**13,880**
Cash and cash equivalents at end of year	**39,084**	**57,541**
Change	**(18,457)**	**43,661**

Some acquisitions of property, plant and equipment have been financed in the short and long term by financial institutions or property, plant and equipment suppliers. Therefore, the additions to property, plant and equipment in the balance sheet do not match the cash outflow for property, plant and equipment in the cash flow statement.

The accompanying notes on pages 10 to 110 are an integral part of these consolidated financial statements

Expressed in thousands of euros

	Share capital	Share premium	Treasury shares	Accumulated losses	Other equity instruments	Translation differences	Non-controlling interests	Total equity
BALANCE AS AT 31 DECEMBER 2021	**94,608**	**58,476**	**-**	**(70,651)**	**6,999**	**(4,929)**	**420**	**84,923**
Profit (loss)	-	-	-	7,660	-	-	207	7,867
Total other comprehensive income	-	-	-	-	-	1,141	-	1,141
Total comprehensive income	**-**	**-**	**-**	**7,660**	**-**	**1,141**	**207**	**9,008**
Purchase of treasury shares (Note 14)	-	-	(49)	-	-	-	-	(49)
Other adjustments in equity	-	-	-	251	-	-	3,412	3,663
BALANCE AS AT 31 DECEMBER 2022	**94,608**	**58,476**	**(49)**	**(62,740)**	**6,999**	**(3,788)**	**4,039**	**97,545**

	Share capital	Share premium	Treasury shares	Accumulated losses	Other equity instruments	Translation differences	Non-controlling interests	Total equity
BALANCE AS AT 31 DECEMBER 2022	**94,608**	**58,476**	**(49)**	**(62,740)**	**6,999**	**(3,788)**	**4,039**	**97,545**
Profit (loss)	-	-	-	9,069	-	-	(25)	9,044
Total other comprehensive income	-	-	-	-	-	(186)	-	(186)
Total comprehensive income	**-**	**-**	**-**	**9,069**	**-**	**(186)**	**(25)**	**8,858**
Purchase of treasury shares (Note 14)	-	-	(426)	-	-	-	-	(426)
Other adjustments in equity	-	-	-	(16)	-	-	(1,935)	(1,951)
BALANCE AS AT 31 DECEMBER 2023	**94,608**	**58,476**	**(475)**	**(53,687)**	**6,999**	**(3,974)**	**2,079**	**104,026**

The accompanying notes on pages 10 to 110 are an integral part of these consolidated financial statements

1 General information

General de Alquiler de Maquinaria, S.A., (hereinafter, the Parent Company or GAM) is a commercial company which as at year-end 2023 is the head of a group (hereinafter, the Group or GAM Group), comprising 29 companies (26 companies in 2022): General de Alquiler de Maquinaria, S.A., the Parent Company, and 28 subsidiaries and associates within its scope of consolidation, the registered address and address of its offices for tax purposes is Calle Velázquez 64, 4º izquierda, 28010 Madrid. Annex I to these notes contains additional information on the entities within the scope of consolidation.

All shares are recorded as book entries and are listed on the stock exchanges of Madrid, Barcelona, Valencia and Bilbao (Spain), the first listing date being 13 June 2006.

GAM prepares its financial statements, including all subsidiaries, associates and joint arrangements.

In 2023, the Group has included Carretillas Mayor, S.A. and Ozmaq S.A de CV in the scope of consolidation and has also incorporated Kirleo Chile SpA. It has also acquired the remaining 50% of GAM Arabia Company Limited, thus acquiring a 100% holding in this company, which was previously consolidated using the equity method.

The impact of these transactions on these consolidated financial statements for the year 2023 and on the main figures in the consolidated income statement and balance sheet are disclosed in Note 6.

In 2022 the Group included Grupo Dynamo Hispaman S.L. in the scope of consolidation and incorporated the company GAM Circular Process. In addition, the Group acquired two business lines of the companies Intercarretillas, S.L. and Inteplataformas, S.L., which were absorbed into the Group companies Recambios, Carretillas y Maquinaria, S.L. and GAM España Servicios de Maquinaria, S.L.U., respectively. The impact of these transactions on these consolidated financial statements for 2023 and on the main figures in the consolidated income statement and balance sheet is detailed in Note 6.

On 12 August 2022, the merger by absorption of GAM España Servicios de Maquinaria, S.L.U. (surviving company) and Gallega de Manutención GALMAN, S.L. (acquired company) was approved. This transaction is a merger between sister companies wholly owned by the same sole shareholder, the Parent Company.

On 1 March 2019, a framework debt restructuring and investment agreement was signed by certain financial institutions, companies belonging to the GAM Group and the company Gestora de Activos y Maquinaria Industrial S.L. (GAMI or the investor).

As a result of this agreement, as at 24 April 2019, the Company formed part of a group of companies controlled by the company Gestora de Activos y Maquinaria Industrial, S.L. During 2021, a merger by absorption of the company GAMI by Orilla Asset Management, S.L. took place. The ultimate Parent Company of the Group is Orilla Asset Management, S.L., with its registered office at Calle Alcalá, 52, planta 3, puerta izquierda, Madrid. As at 31 December 2023 and 2022, it holds 43,24% of the shares of the Company (Note 14).

For the purpose of preparing the consolidated financial statements, a group is deemed to exist when the parent company has one or more subsidiaries over which it exercises direct or indirect control. The principles applied when preparing the Group's consolidated financial statements, and the scope of consolidation, are detailed in Note 2.

General de Alquiler de Maquinaria, S.A., the Parent Company of the GAM Group, was incorporated in Spain on 29 October 2002 as a limited liability company. It is registered in the Companies Register of Madrid, in Section 8, Page M-314333. On 9 February 2006, the Company's Annual General Meeting approved changing its corporate form from a limited liability company to a public limited company. This resolution was made public on 28 March 2006. There have been no changes in its corporate name since the date of incorporation.

On 13 May 2021, the Board of Directors of the Parent Company approved changing the Company's registered address to Calle Velázquez 64, 4º izquierda, 28010 Madrid. The deed was registered in the Companies Register of Madrid on 29 July 2021.

The latest amendment to its Articles of Association, amending Article 30 on Directors' remuneration, was approved by the Company's Annual General Meeting on 24 May 2022, and was registered in the Companies Register of Madrid on 19 August 2022, in Volume 38065, Folio 17, Section 8, Page M-314333, Entry 150.

The corporate purpose of the Parent Company is the trading, subscription, exchange and sale of transferable securities on its own account and without intermediary activity for the purpose of directing, administering and managing such shares. GAM's corporate purpose also includes the trading, leasing and repair of machinery and vehicles.

These consolidated financial statements, which were authorised for issue by the Board of Directors on 28 February 2024, will be submitted for approval by the Annual General Meeting, and are expected to be approved without any changes.

The consolidated financial statements for the year 2022 were approved by the Annual General Meeting of the parent company on 22 June 2023.

The figures contained in the consolidated financial statements are expressed in thousand euros unless otherwise stated.

2 Summary of significant accounting policies

The significant accounting policies applied when preparing these consolidated financial statements are described below. These policies have been applied consistently for all years reported.

2.1. Basis of presentation

The consolidated financial statements have been prepared on the basis of the accounting records of General de Alquiler de Maquinaria, S.A. and consolidated entities. The consolidated financial statements for 2023 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the applicable financial reporting framework, in order to present a true and fair view of the consolidated equity and consolidated financial position of General de Alquiler de Maquinaria, S. A. and subsidiaries as at 31 December 2023 and of their consolidated financial performance, consolidated cash flows and changes in consolidated equity for the year then ended (IAS 1,16).

The financial information has been prepared using the historical cost method, adapted where required by IFRS-EU, whereby certain assets and liabilities are measured at fair value.

Preparing consolidated financial statements in accordance with IFRS-EU requires the use of certain critical accounting estimates. It also requires the Management to exercise judgement in the course of applying the GAM Group's accounting policies. Note 4 discloses the areas involving a higher degree of judgement or complexity and the areas where assumptions and estimates are significant to the consolidated financial statements.

There are no accounting principles or measurement bases with a material effect on these consolidated financial statements that have not been applied during their preparation.

The accounting policies applied in these consolidated financial statements are consistent with those applied in the Group's consolidated financial statements for the year ended 31 December 2022, with the exception of the application of the following amendments adopted by the European Union to be applied in Europe on 1 January 2023 , although they have not had a material impact on the Group's financial statements.

Expressed in thousands of euros

Standards and amended standards adopted by the European Union	Effective date
IFRS 17 - "Insurance contracts"	1 January 2023
Amendments to IAS 8 - "New definition of accounting estimates"	1 January 2023
Amendments to the IAS 1 - "Disclosure of accounting policies"	1 January 2023
Amendment to IAS 12 - "Deferred tax related to assets and liabilities arising from a single transaction"	1 January 2023
Amendments to IFRS 17 - "Initial application of IFRS 17 and IFRS 9 — comparative information"	1 January 2023
Amendment to IAS 12 "Corporation tax: international tax reform - pillar two model rules"	1 January 2023

Additionally, other standards and amendments to standards will become effective from 1 January 2024 onwards, some of which have been issued by the IASB and are yet to be adopted by the European Union at the date of preparing these consolidated financial statements. The Group does not expect these standards to have a material impact on its consolidated financial statements.

Standards coming into force on 1 January 2024 and thereafter	Effective date
Amendment to IFRS 16 - "Lease liability in a sale and leaseback"	1 January 2024
Amendments to IAS 1 "Presentation of financial statements"	1 January 2024
Amendments to IAS 1 - "Non-current liabilities with covenants"	1 January 2024
Amendments to IAS 7 and IFRS 7 "Supplier finance arrangements"	1 January 2024

None of these standards and amendments have been applied prospectively. No material impact is expected from the application of these amendments.

2.2. Consolidation principles

(a) *Subsidiaries*

Subsidiaries are defined as entities over which the Company exercises control, directly or indirectly through subsidiaries. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and the returns from its involvement have the potential to vary as a result of the power it exercises over the subsidiary. The Company has power when it has substantive rights in place that enable it to manage the relevant activities. The Company is exposed, or has the right, to variable returns from its involvement with a subsidiary when the returns it earns from that involvement may vary depending on the economic performance of the entity (IFRSs 10,6, 10 and 15).

The income, expenses and cash flows of subsidiaries are included in the consolidated financial statements from the date of acquisition, which is the date on which the Group effectively gains control of the subsidiaries. Subsidiaries are excluded from consolidation from the date on which control is lost.

The acquisition of subsidiaries by the Group is accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the sum of the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition-related costs are recognised as an expense in the years in which they are incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair value at the acquisition date. For each business combination, the Group may choose to recognise any non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The Group recognises assets acquired and liabilities assumed at their fair value at the acquisition date. Liabilities assumed include contingent liabilities to the extent that they are present obligations arising from past events and their fair value can be reliably measured. Moreover, the Group recognises indemnification liabilities granted by the seller at the same time and using the same measurement methods as for the indemnified item of the acquired business, taking into account any insolvency risk and any contractual limitations on the indemnified amount.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration that is considered an asset or liability are recognised in accordance with IFRS 9 in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recognised as goodwill. If the sum of the consideration transferred, the non-controlling interest recognised and the previously held interest is less than the fair value of the net assets of the acquired subsidiary in a bargain purchase, the difference is recognised directly in the consolidated income statement.

If the business combination is achieved in stages, the acquisition-date carrying amount of the acquirer's previously held equity interest in the acquiree is remeasured at acquisition-date fair value; any gain or loss arising from this remeasurement is recognised in consolidated profit or loss.

On 27 March 2023, through the company General de Alquiler de Maquinaria, S.A., the Group acquired 100% of the shares of Carretillas Mayor, S.A. The main business of the company, which is based in Valladolid, is the provision of machinery rental and maintenance services.

On 2 May 2023, through Grupo Internacional de Inversiones en Maquinaria, S.A., the Group obtained control of GAM Arabia Company Limited through the acquisition of shares, which increased its interest in the company's share capital to 100%. Previously, through the same company, the GAM Group had held a 50% interest in its share capital, accounted for using the equity method.

The main business of the company, which is based in Jeddah, is the provision of machinery rental and maintenance services.

On 24 July 2023, through the company GAM Alquiler de Mexico SA de CV, the Group acquired 60% of the share capital of Ozmaq SA de CV. Additionally, a call option agreement has been entered into between the parties whereby the GAM Group may acquire the remaining 40% of the shares. The exercise period of this call option will be between the third and fifth year after the initial acquisition transaction.

The main business of the company, which is based in San Luis Potosí, is the rental and sale of forklifts.

On 27 January 2022, the GAM Group gained control of Grupo Dynamo Hispaman S.L. ("GDH") by acquiring a stake of more than 50% of its share capital. The main business of GDH, a company based in Madrid, is the rental and sale of forklift trucks.

Additionally, in March 2022, the Group also acquired two business lines of the companies Intercarretillas, S.L, and Inteplataformas, S.L., which were absorbed into the Group's companies Recambios, Carretillas y Maquinaria, S.L. and GAM España Servicios de Maquinaria, S.L.U., respectively.

On 8 July 2022, the Company incorporated GAM Circular Process, S.L.; as at 31 December 2022, the Parent Company owns 60,02% of it with an obligation to purchase the remaining 40% in 2028.

Its corporate purpose is to refurbish, repair and maintain machinery under the name of Reviver, giving the machinery a second life by remanufacturing it. This reflects the GAM Group's commitment to the circular economy.

The group recognises put options to sell interests in subsidiaries granted to non-controlling interests at the acquisition date of a business combination as an advance acquisition of those interests, recording a financial liability at the present value of the best estimate of the amount payable, which forms part of the consideration given.

On 12 August 2022, the merger by absorption of GAM España Servicios de Maquinaria, S.L.U. (surviving company) and Gallega de Manutención GALMAN, S.L. (acquired company) was approved. This transaction is a merger between sister companies wholly owned by the same sole shareholder, so it had no impact on the Group.

Expressed in thousands of euros

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss on the transferred asset. The accounting policies of subsidiaries are changed when this is necessary to ensure consistency with the policies applied by the Group.

The exchange rates of the Group companies' main currencies against the euro were as follows:

Currency	Average exchange rate in 2023	Exchange rate as at 31 December 2023
Mexican peso	19,20	18,72
Peruvian nuevo sol	4,25	4,38
US dollar	1,08	1,11
Moroccan dirham	10,96	10,94
Chilean peso	908,03	979,40
Colombian peso	4,680,79	4,222,60
Dominican peso	60,58	64,24

Currency	Average exchange rate in 2022	Exchange rate as at 31 December 2022
Mexican peso	21,07	20,86
Peruvian nuevo sol	4,3	4,36
Saudi riyal	4,51	4,25
US dollar	1,05	1,07
Moroccan dirham	10,69	11,16
Chilean peso	917,99	916,91
Colombian peso	4,469,05	5,134,41
Dominican peso	57,57	60,34

(b) Associates

Associates are all entities over which the Group exercises significant influence but does not have control, which is generally accompanied by a shareholding of between 20% and 50% of the voting power. Investments in associates are accounted for using the equity method and are initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the investee's profit or loss after the acquisition date. The Group's investment in associates includes goodwill (net of any accumulated impairment losses) identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only the proportionate share of amounts previously recognised in other comprehensive income is reclassified to profit or loss when appropriate.

The Group's share of post-acquisition profits or losses of its associates is recognised in the consolidated income statement, and its share of post-acquisition transactions is recognised in other comprehensive income. Cumulative post-acquisition transactions are adjusted against the carrying amount of the investment.

The Group's losses in associates are limited to the value of the net investment, except where the Group has assumed legal or constructive obligations or has made payments on behalf of associates. For the purpose of recognising impairment losses in associates, the net investment is the sum of the carrying amount resulting from the application of the equity method plus the carrying amount of any other item which, in substance, forms part of the investment in the associates.

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of the impairment loss as the difference between the recoverable amount of the associate and its carrying amount and recognises the amount under "share of profit (loss) of an associate" in the consolidated income statement.

Gains and losses arising from upstream and downstream transactions between the Group and its associates are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in associates. Unrealised losses are eliminated unless the transaction offers evidence of a loss through impairment of the transferred assets. The accounting policies of associates have been changed when necessary to ensure consistency with the policies applied by the Group.

(c) Joint arrangements

Joint arrangements are those in which there is a contractual agreement to share control over an economic activity, such that decisions about the relevant activities require the unanimous consent of the Group and the other participants or operators. The existence of joint control is determined on the basis of the definition of control of subsidiaries.

A joint arrangement is classified as a joint operation if, under said arrangement, the parties with joint control have rights to the assets and obligations for the liabilities arising from the arrangement. In such an arrangement, in the consolidated financial statements, the Group recognises its assets, including its share of the jointly controlled assets; its liabilities, including its share of the liabilities incurred jointly with the other operators; the revenue from the sale of its share of the product/service resulting from the joint operation; and its expenses, including its share of the joint expenses.

A joint arrangement is classified as a joint venture in those arrangements in companies where there is a contractual agreement with a third party to share control of the business, and where strategic decisions relating to the business, both financial and operational, require the unanimous consent of all venturers sharing control. The Group's interests in jointly controlled entities are accounted for in accordance with IFRS 11 using the equity method.

Under the equity method, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the GAM Group's share of post-acquisition profits and losses and movements in other comprehensive income.

At each reporting date, GAM Group determines whether there is any objective evidence that the value of the investment in a joint venture is impaired. If so, GAM Group calculates the amount of the impairment loss as the difference between the recoverable amount of the joint venture and its carrying amount and recognises the amount under "Profit (loss) of entities accounted for using the equity method" in the consolidated income statement.

Assets and liabilities attributed to joint operations are recognised in the consolidated balance sheet, classified according to their specific nature and the ownership interest held by the GAM Group. Similarly, income and expenses arising from joint operations are recognised in the consolidated income statement according to their specific nature and the ownership interest held by the GAM Group.

2.3. Segment reporting

The Management has established operating segments as a component of the Group that engages in business activities from which it may earn recurring revenue and incur expenses, whose operating profit (loss)is reviewed on a regular basis by the Group's chief operating decision maker to decide on the resources to be allocated to the segment to assess its performance and for which discrete financial information is available.

Operating segments are presented in a manner consistent with internal reporting to the chief decision maker. The chief decision maker is responsible for allocating resources to the operating segments and assessing the performance of the operating segments. The chief decision maker has been identified as the Board of Directors with responsibility for making strategic decisions (Note 5).

The accounting policies of the segments are the same as those applied and described in these consolidated financial statements.

2.4. Foreign currency transactions

(a) Functional and presentation currency

The items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in euros (€), which is the Parent Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the prevailing exchange rates at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of these transactions and from the translation at closing rates of monetary assets

and liabilities denominated in foreign currencies are recognised in the consolidated income statement, unless deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.
Foreign exchange gains and losses are recognised in the consolidated income statement under "Financial income" or "Financial expenses".

(b) Group entities

The profit (loss) and financial position of all Group entities (none of which have a currency from a hyperinflationary economy) that have a functional currency other than the presentation currency are translated into the presentation currency as follows:

- The assets and liabilities in each balance sheet are translated at the closing rate at the balance sheet date;

- Income and expenses in each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of rates at the transaction dates, in which case income and expenses are translated on the date of the transactions); and

- All resulting exchange differences are recognised in other comprehensive income.

Upon consolidation, exchange differences arising on the translation of a net investment in foreign entities, and of loans and other foreign currency instruments designated as hedges of those investments, are taken to other comprehensive income. When such an investment is sold, those exchange differences are recognised in the income statement as part of the gain or loss on the sale.

Goodwill and fair value adjustments that arise on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Any exchange differences that arise are recognised in other comprehensive income.

2.5. Property, plant and equipment

Land and buildings mainly consist of the facilities required to provide the Group's services in Madrid, Granada, Santiago de Compostela, León, the Canary Islands, Ferrol, Lugo, Llanes, Lisbon and Almería. Property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses, if any, except for land, which is not depreciated.

The historical cost includes expenses directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset only when it is likely that the future economic benefits associated with the items will flow to the Group and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement in the year in which they are incurred.

Expressed in thousands of euros

Depreciation is calculated using the straight-line method to write down their costs to their residual values over their estimated useful lives.

	Useful lives	Weighted average useful life
Buildings	20 to 33 years	25 years
Machinery		
- Lifting	2 to 17 years	12 years
- Energy	3 to 17 years	12 years
- Events	3 to 13 years	9 years
- Industrial	3 to 19 years	10 years
- Handling	8 to 16 years	12 years
- Last mile	4 to 6 years	6 years
- Other equipment	3 to 17 years	9 years
Furniture, fixtures, and equipment	3 to 20 years	9 years
Other fixed assets	4 to 10 years	5 years

Recalculation of residual values

The residual values and useful lives of assets are reviewed, and adjusted if necessary, at each balance sheet date.

Even though IAS 16 indicates that the residual value of fixed assets is not usually highly significant, the market for second-hand rental machinery has proven to be active, attractive and profitable market, thus justifying the market prices at which they are being sold today. Furthermore, the fact that rental machinery does not have very specific features that can only be adapted to certain companies is an incentive for exchanging this type of asset, thus justifying higher residual values than other assets whose characteristics require them to remain on companies' balance sheets for longer periods of time.

When the carrying amount of an asset exceeds its estimated recoverable amount, its carrying amount is written down immediately to its recoverable amount (Note 2,8).

Gains and losses on the sale of property, plant and equipment are calculated by comparing the agreed proceeds with the carrying amount and are recognised in the consolidated income statement.

The Group regularly sells property, plant and equipment previously held for lease to third parties in the ordinary course of business. The Group reclassifies assets to inventory when they are no longer leased and are held for sale. Disposals of these assets are recognised as recurring revenue.

2.6. Intangible assets

(a) Goodwill

Goodwill represents the excess of acquisition cost over the fair value of the Group's interest in the net identifiable assets of the acquired subsidiary at the acquisition date. Goodwill relating to acquisitions of subsidiaries is included in intangible assets. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances suggest a potential impairment loss. The carrying amount of goodwill is compared with the recoverable amount, which is the higher of value in use or fair value less costs to sell. Any impairment loss is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the sale of an entity include the carrying amount of goodwill relating to the sold entity.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to derive benefits from the synergies of the combination. Each unit or Group of units to which goodwill is allocated represents the lowest level within the entity at which goodwill is controlled for internal management purposes. Goodwill is tested at the level of the segments receiving the machinery acquired in business combinations.

(b) Intangible assets acquired in business combinations

The cost of identifiable intangible assets acquired in business combinations is their fair value. They include the portfolio of customer relationships resulting from business combinations. They are amortised on a straight-line basis over their useful lives, which range from 10 to 14 years, and are tested for impairment to adjust the carrying amount to the achievement of stated objectives.

Customer relationships have been determined by identifying the existing customer portfolio at the acquisition date and considering the following key assumptions: (i) flows provided by each customer considering customer churn, (ii) gross margin provided by customers based on historical data, (iii) market growth rate and (iv) specific rate of return for each business combination.

Identifiable intangible assets are separable. Consequently, they have been recognised separately from goodwill.

(c) Computer software

Any software licences that are acquired are capitalised on the basis of the costs incurred to acquire them and to prepare them in order to use the specific software. These costs are amortised over their estimated useful lives (4 years).

Software maintenance costs are recognised as an expense when incurred.

Development costs directly attributable to the design and testing of software that is identifiable and unique and which can be controlled by the Group are recognised as intangible assets when the following conditions are met:

(a) It is technically feasible to complete production of the intangible asset so that it is available for use or sale;

(b) The Management intends to complete the intangible asset in question for use or sale;

c) The entity can use or sell the intangible asset;

(d) It can be demonstrated how the intangible asset will generate probable future economic benefits;

(e) Adequate technical, financial or other resources are available to complete the development and to use or sell the intangible asset; and

(f) The expenditure attributable to the intangible asset during its development can be measured reliably.

Directly attributable costs include the costs of software development staff and an appropriate percentage of overheads.

Expenditure that does not meet these criteria is recognised as an expense when incurred. Expenditure on an intangible asset initially recognised as an expense for the period is not subsequently recognised as an intangible asset.

2.7. Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised over the period of time necessary to complete and prepare the asset for its intended use. All other borrowing costs are recognised as an expense for the year. As at 31 December 31 2023 and 2022 no such amount has been capitalised.

2.8. Impairment of non-financial assets

Intangible assets that have an indefinite useful life and those assets that are not in a usable condition are not subject to amortisation and are tested annually for impairment. As at 31 December 2023 and 2022, with the exception of goodwill, there are no intangible assets with indefinite useful lives.

Assets subject to amortisation are tested for impairment whenever events or changes in circumstances suggest that the carrying amount may not be recoverable. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment losses, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered an impairment loss are tested at each balance sheet date for reversals of the loss.

2.9. Financial assets

The classification of financial assets depends on the purpose for which they were acquired. The Management classifies its financial assets at initial recognition and reviews the classification at each reporting date.
During 2023 and 2022 the Group did not hold any financial assets classified as "available-for-sale".

(a) Classification of financial assets

The Group classifies its financial assets under Loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except when they mature more than 12 months after the balance sheet date, when they are classified as non-current assets. Current loans and receivables are included in trade and other receivables in the consolidated balance sheet (Note 2,10), and non-current loans and receivables are recorded under financial assets. Loans and receivables are carried at amortised cost using the effective interest method.

Acquisitions and disposals of investments are recognised on the trade date, i.e. the date on which the Group commits to acquire or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

The Group analyses each contract on an individual basis. The transfer of risks and rewards is assessed by comparing the Group's exposure, before and after factoring, to changes in the amounts and timing of the net cash flows of the transferred asset. If the Group's exposure to such changes is eliminated or substantially reduced, then the financial asset has been transferred, otherwise it has not been transferred and the Group continues to recognise the asset by additionally recording the amount received as a short-term trade discount with banks under current liabilities.

(b) Impairment of financial assets

At each balance sheet date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets may be impaired, in the same way as for trade and other receivables (Note 2,10). A financial asset or a group of financial assets is impaired and an impairment loss is incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a «loss event») and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group recognises an allowance for expected credit losses on its financial assets in profit or loss.

At each reporting date, the Group measures the allowance at an amount equal to the expected credit losses over the next twelve months for financial assets for which the credit risk has not increased significantly since the date of initial recognition or when it considers that the credit risk of a financial asset has no longer increased significantly.

However, the Group recognises the expected credit loss over the life of the instrument for trade receivables.

The Group measures expected credit losses by considering reasonable and supportable information that is available without undue effort and cost about past events, current conditions and projected future economic conditions.

The percentages are based on current experience with defaults over the last few years and are adjusted for differences between current and historical economic conditions and considering the forward-looking information available.

2.10. Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest method, less the provision for impairment losses. An allowance is made for impairment losses on trade receivables when there is objective evidence that the Group will not be able to collect all amounts due to it under the original terms of the receivables. The existence of significant financial difficulties on the part of the debtor, the likelihood that the debtor will enter bankruptcy or undergo financial reorganisation and non-payments or late payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the effective interest rate. The carrying amount of the asset is reduced as the allowance is used and the loss is recognised in the consolidated income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are recognised in the consolidated income statement. The criteria set out in Note 2,9 b) are applied to calculate impairment.

The Group records provisions for bad debts to cover balances of a certain age or when circumstances make it reasonable to classify them as doubtful.

2.11. Inventory

Inventories are measured at the lower of acquisition or production cost and net realisable value. Inventories are measured at cost. Cost is determined by the weighted average cost method.

The cost of finished goods includes inventories of spare parts required to repair the Group's machinery and for sale to third parties. This cost does not include borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling costs.

Machinery held for sale is also included in inventory. Net realisable value is the estimated selling price less estimated costs to sell.

2.12. Cash and cash equivalents

Cash and cash equivalents include cash on hand, call deposits with credit institutions and other short-term, highly liquid investments with an original maturity of three months or less. In the consolidated balance sheet, bank overdrafts are classified as borrowings under current liabilities.

2.13. Share capital

All of the Parent Company's shares are classified as equity.

Incremental costs directly attributable to the issuance of new shares or options are recognised in equity as a deduction, net of tax.

2.14. Treasury shares

When any Group entity acquires treasury shares, the consideration paid, including any directly attributable incremental costs (net of corporation tax), is deducted from equity attributable to equity holders of the Parent until they are cancelled, reissued or disposed of. When these shares are subsequently sold or reissued, any amount received, net of any directly attributable incremental transaction costs and the related corporation tax effects, is recognised in equity attributable to equity holders of the Parent.

2.15. Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired from suppliers in the ordinary course of business. Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Short-term payables with no stated interest rate are measured at the original invoice amount when the effect of discounting is not material. They are recognised under current liabilities, except where they fall due more than 12 months after the balance sheet date, in which case they are classified as non-current liabilities.

2.16. Financial debt (borrowings)

Borrowings (financial debt) are initially recognised at fair value, net of transaction costs incurred. Subsequently, borrowings are
measured at amortised cost; any difference between the proceeds (net of borrowing costs) and the redemption value is recognised in the income statement over the life of the debt using the effective interest method.

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

Provided that the instruments have substantially different terms, an exchange of debt instruments between a lender and a borrower is accounted for by extinguishing the original financial liability and recognising a new financial liability. Similarly, a substantial modification of the current terms of a financial liability or part of a financial liability (regardless of whether or not it is attributable to the debtor's financial difficulties) is accounted for by extinguishing the original financial liability and recognising a new financial liability.

For the purpose of applying the above, the Group considers the terms to be substantially different if the present value of the discounted cash flows under the new terms, including any fees paid net of any fees received, and discounted at the original effective interest rate, differs by at least 10% from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or a modification of the terms is accounted for as an extinguishment, the costs or fees incurred are recognised as part of the gain or loss on extinguishment. If the exchange or modification is not accounted for as an extinguishment, the costs and fees adjust the carrying amount of the liability and are amortised over the remaining life of the modified liability.

The Group has arranged reverse factoring transactions with a number of financial institutions to manage payments to suppliers. The Group applies the above criteria to assess whether it should derecognise the original trade payable liability and recognise a new liability with financial institutions. Trade liabilities whose settlement is handled by the financial institutions are shown under trade and other payables, provided that the Group has only transferred management of payments to the financial institutions and remains the primary obligor for the payment of debts to trade creditors.

Furthermore, debts owed to financial institutions as a result of the sale of trade liabilities are recognised as trade payables for reverse factoring transactions under trade and other payables in the consolidated balance sheet. As at 31 December 2023, there are debts in this category in the consolidated balance sheet amounting to €1,165,000 (31 December 2022: €2,070,000).

However, when the creditor is replaced and it becomes the primary obligor to the financial institutions, these debts are transferred to borrowings and other financial liabilities in the consolidated balance sheet.

2.17. Current and deferred tax

The Parent Company files consolidated tax returns for certain subsidiaries (Note 20).

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except where it relates to items recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax expense is calculated on the basis of the laws enacted or substantively enacted at the balance sheet date in the countries in which the Company and its subsidiaries operate and in which they generate taxable profit. The Management regularly assesses the positions taken in tax returns for situations where the applicable tax regulations are subject to interpretation and, if necessary, establishes provisions based on the amounts expected to be paid to the tax authorities.

Deferred taxes are calculated, using the liability method, on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if deferred tax arises from the initial recognition of a liability or asset in a transaction other than a business combination which at the time of the transaction affects neither accounting profit nor taxable profit or loss, it is not recognised. Deferred tax is measured on the basis of the tax rates (and laws) enacted or substantively enacted at the balance sheet date which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets arising from tax credits from tax loss carryforwards, tax relief and corporation tax credits are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities arise from corporation tax levied by the same tax authority on the same taxable entity or taxable person, or different taxable entities or taxable persons, who intend to settle the current tax assets and liabilities on a net basis.

2.18. Employee benefits

(a) Termination benefits

Termination benefits are paid to employees when the Group decides to terminate their employment contract before the normal retirement age or when the employee voluntarily agrees to resign in exchange for these benefits. The Group recognises these benefits when it is demonstrably committed to terminate the employment of current employees in accordance with a detailed formal plan without possibility of withdrawal or to provide termination benefits.

(b) Profit-sharing and bonus schemes

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that is linked to certain performance-related inputs. The Group recognises a provision when it is contractually obliged or when past practice has created a constructive obligation and when the requirements referred to in Note 2,19 are met.

(c) Share-based payments

2018 Extraordinary Variable Remuneration Scheme

On 3 July 2018, a New Extraordinary Variable Remuneration Scheme (hereinafter "the 2018 scheme") was entered into by the Parent Company and a number of financial institutions that were grantors of the Extraordinary Variable Remuneration Scheme launched in 2015 (hereinafter "the 2015 scheme").

Under said scheme, the Group receives services from employees who have opted in and, in return, equity instruments of the Parent Company are transferred to those employees.

The key features of the scheme are as follows:

- Grantors: the financial institutions participating in the scheme, all of which are grantors of the scheme launched in 2015.
- Beneficiaries: the individuals who opted into the 2015 scheme and are currently beneficiaries of that scheme, who have relinquished their rights under Tranche A of the 2015 scheme in favour of the present scheme. Tranches B and C of the 2015 scheme remain unchanged.

- Description of the scheme: the grantors award the beneficiaries 10% of the consideration received by the former from the transfer of GAM shares owned by them.

- Acceptance by the beneficiaries implies full relinquishment of their rights under Tranche A in the 2015 scheme in respect of the portion corresponding to the grantors that are party to this agreement.

- Vesting will take place no later than 31 December 2019, after which date the 2018 scheme will no longer be in effect and the beneficiaries will not be entitled to any consideration or compensation and the obligation of the grantors to the beneficiaries in respect of Tranche A of the 2015 scheme will not be reinstated.

- Form of payment: payment will be made in the same form as the consideration received by the grantors (either cash, securities or a combination of both), although each entity may choose to settle the payment of the non-cash consideration received with the cash equivalent.

- Upper limit: the maximum amount to be paid by each of the grantors cannot exceed the value of the GAM shares that the beneficiaries would have been entitled to receive under Tranche A of the 2015 scheme.

Methodology and measurement variables of the 2018 stock option scheme

Based on the inputs obtained at the measurement date (date of approval of the scheme, 3 July 2018), the Group calculated the estimated market value of the new scheme taking into account historical share prices, the number of shares being transferred (13,382,201), and the percentage to be transferred from the transaction with Orilla Asset Management, S.L. (formerly Halekulani, S.L., a company related to the main shareholder), which was 10%, resulting in the scheme having a total market value of 1,526,000 euros.

Based on the specific conditions of the approved scheme, it was classified as a share option transaction in accordance with IFRS 2, whereby the Company acquires the services provided by the directors, incurring an obligation for an amount based on the value of the shares, which is recognised in the Company's equity. The fair value of the employee services received in exchange for these options is recognised as a staff cost, credited to equity. IFRS 2 stipulates that upon modifying terms and conditions that result in an increase in the fair value of equity instruments, measured immediately before and after the modification, the Company must recognise the incremental fair value in the measurement of the instruments granted.

The procedure followed to recalculate the 2015 remuneration scheme as at 3 July 2018 is as follows:

- Monte Carlo simulation calculation of the normal value of GAM shares assuming that their returns follow a normal distribution.

- In each Monte Carlo simulation, the number and value of shares were calculated using the formulas described in the previous section and taking into account the effect of the reduction in the retention bonus.

- The discounted average of each tranche was calculated and the final value of the scheme was obtained.

For the whole life of the old scheme, the initial measurement as at 3 July 2018 was €933,000, with an expected maturity date of 31 March 2019.

The inputs used for the measurement as at 3 July 2018 were as follows:

- Spot share price: 1,935 euros
- Volatility: 57,08%
- Interest rate: -0,08%

The total expense is recognised over the vesting period, which is the period in which all vesting conditions must be met, i.e. 31 March 2019. The Company has estimated this date based on the agreements entered into between Orilla Asset Management, S.L., (formerly named Halekulani, S.L., a company related to the main shareholder), and the Company's shareholding financial institutions on 5 December 2018 for the sale and purchase of the Company's shares.

GAM deemed the vesting commencement date to be 3 July 2018. At the end of each accounting period, the Company reviews the estimates of the number of options expected to vest based on the non-market vesting conditions. Where appropriate, the effect of revising the initial estimates is recognised in the consolidated income statement, with a corresponding adjustment to equity.

In 2019, one of the financial institutions finally became the holder of 2,823,944 shares from GAM's share capital. As the financial entities' divestment was not complete, the beneficiaries were required to maintain their employment relationship for a further two years before vesting of the 2018 ratchet entitlement, therefore in 2019 the duration of the 2018 ratchet vesting period was re-estimated to 31 March 2021, as was the incremental fair value estimate, which amounted to €1,346,000.

There were no changes to the schemes during 2023 and 2022. No amounts accrued in 2023 or 2022.

The most significant assumptions and judgements are detailed in Note 4,2.b.

2.19. Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;

- it is likely that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably measured.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects the current market valuation of the time value of money and the risks specific to the obligation. An increase in the provision due to the passage of time is recognised as an interest expense.

2.20. Revenue recognition

(a) Sale of goods

Sales are recognised when control of the products is transferred, which is when the goods are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the product.

(b) Provision of services

Furthermore, revenue from the provision of services is recognised over the period in which the services are rendered. For fixed-price contracts, revenue is recognised as the actual services are rendered at the end of the period, as a proportion of the total services rendered and, in the case of leases, on a straight-line basis over the term of the lease.

(c) Sale of property, plant and equipment held for leasing

The Group regularly acquires machinery to be leased to third parties, which it subsequently sells in the ordinary course of business. Such machinery is recognised and depreciated in accordance with the accounting policy for property, plant and equipment. For this purpose, the Group periodically reviews the depreciation charge and the residual value of the assets in accordance with the price and the expected term of sale. The Group reclassifies assets to inventory when they are no longer leased and are held for sale. Disposals of these assets are recognised when control of the assets is transferred, as recurring revenue at the selling price, and as procurements (cost of sales) at the net book value.

(d) Sales of machinery with repurchase obligations and options

The Group sells machinery with repurchase options or repurchase obligations. On selling machinery where the Group has the obligation or right to repurchase, the Group accounts for the transaction as a lease in accordance with IFRS 16 Leases, to the extent that the repurchase amount is less than the original selling price, unless it is a sale and leaseback.

For signed agreements involving a financing transaction, the Group continues to recognise the asset and records a financial liability for the consideration received including the repurchase obligation or repurchase option.

For signed agreements that do not involve a financing transaction, the Group continues to recognise the asset and records a contract liability for the amount corresponding to the delivery of future rental services and a financial liability for the amount corresponding to the repurchase obligation or option.

2.21. Lease agreements

(a) When a Group entity is the lessee

The Group recognises a lease agreement when it has the right to exercise control over the use of an asset for a period of time in exchange for a consideration.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability. The lease commencement date is the date on which the lessor makes the underlying asset available for use by the lessee.

The cost of the right of use includes the initial measurement of the lease liability, and is subsequently amortised and impaired in accordance with IFRS 16, and adjusted for changes in the lease liability following commencement of the lease.

Assets associated with a finance lease agreement that includes a purchase option are depreciated over the useful lives of the related assets, which are always longer than the terms of the finance lease agreements.

Rights of use recognised as a result of applying IFRS 16, and which are not associated with a legal finance lease, are amortised over the term of the lease agreements.

The Group applies the impairment criteria for non-current assets set out in Note 2,8 to right-of-use assets.

Lease liabilities are recognised at the start of the agreement at the lower of the fair value of the leased right of use and the present value of the minimum lease payments. Each lease payment is apportioned between the reduction of the debt and the finance charge, so that a constant interest rate is obtained on the outstanding balance of the debt to be repaid.

When the interest rate is not defined in the lease agreement, assumptions are used to calculate the discount rate, which depends primarily on the incremental borrowing rate for the estimated terms and reflects the interest rate that a lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment, for a similar term, and with similar security.

The Group estimates the lease term based on the non-cancellable period, plus periods covered by options to extend the lease, the exercise of which is at the Group's discretion and which it believes to be reasonably certain.

The payment obligation arising from the lease, net of finance charge, is recognised as a long-term or short-term lease liability depending on whether payment is to be made after 12 months or earlier. The interest portion of the finance charge is taken to the consolidated income statement over the term of the lease in order to obtain a constant periodic interest rate on the outstanding balance of the liability for each period.

The Group recognises variable payments that have not been included in the initial measurement of the liability in profit or loss in the period in which the events that trigger them occur.

The Group recognises a lease modification as a separate lease if it increases the scope of the lease by adding one or more rights of use and the amount of the lease consideration increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to the stand-alone price to reflect the particular circumstances of the lease.

In the case of intangible assets, short-term leases (lease term of less than 12 months) and leases of assets that are individually of low value, the Group applies the practical exceptions permitted by the standard and therefore recognises the related lease payments as an expense on a straight-line basis over the lease term or using another systematic method if it better represents the Group's profit pattern.

The agreements in which some GAM Group companies act as lessees mostly relate to operating investments in machinery (machinery financed through finance leases), as well as leases of real estate at the operating sites where the various GAM Group companies conduct their business, and leases of vehicles used by GAM Group staff in the course of its business activities.

(b) When a Group entity is the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. These assets are depreciated over their expected useful lives using methods consistent with those applied to similar items used by the Group. Lease income is recognised on a straight-line basis over the lease term.

The agreements in which all GAM Group companies act as lessors mostly relate to machinery rentals. These agreements are for different periods of time (daily, weekly, monthly, yearly rentals, etc.).

When the term of a lease is longer than one year, the group assesses whether the lease term represents a significant portion of the useful life of the leased assets.

The main characteristics of these types of agreements are as follows:

- transfer of the right to use the property in a leasing arrangement

- the lessee does not have the option to purchase the property
- there is no transfer of ownership of the property, the property is owned by the lessor (GAM Group)
- the lessee is responsible for making proper use of the machinery

In view of the above, in accordance with the definition of leases in IFRS 16, the GAM Group recognises all its leases as operating income on a straight-line basis over the lease term and therefore retains ownership of the leased asset under Property, plant and equipment until a decision is made to dispose of it, at which time it is reclassified to inventory.

Due to the nature of the agreements in which the GAM Group acts as the lessor and given the terms of the leases, the existence of significant contingent rents has not been considered.

The GAM Group does not have any non-cancellable leases, i.e. it does not have any finance leases, given that it is a lessor.

2.22. Environment

Expenses arising from business activities aimed at protecting and improving the environment are recognised as an expense in the period in which they are incurred. When these expenses involve additions to property, plant and equipment, the purpose of which is to minimise environmental impact and protect and improve the environment, they are recognised as an increase in the value of property, plant and equipment.

2.23. Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale and recognised at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

As at 31 December 2023 and 2022, there are no non-current assets that are classified as assets held for sale.

2.24. Dividend payouts

Due to the obligations assumed with respect to the financial institutions that signed the financial restructuring agreement, GAM will not be able to pay dividends during the term of the loan agreement signed on 31 March 2015 and novated on 29 November 2022 (Note 17), unless the following conditions are met:

- there are no amounts due under Tranche B, i.e. the amount of Tranche B is fully settled;

- no Early Maturity Event has occurred, nor will an Early Maturity Event occur as a result of the dividend payout;

- in accordance with the latest Compliance Certificate provided, the Net Financial Debt-to-EBITDA Ratio is equal to or less than 3x at the time the dividend payout is agreed and after the dividend payout has been made;

- once the dividend payout has been made, the Obligors must continue to hold cash at least equivalent to the Minimum Cash Balance, which is set at 15,000,000 euros.

The loan agreement signed with the European Investment Bank (EIB) on 30 November 2022 and the agreement signed on 29 March 2023 with the Instituto Oficial de Crédito (ICO) set out the same restrictions on dividend payments as the Syndicated Loan Agreement described above (Note 17).

Additionally, with regard to the bond issue, the Basic Information Document for the listing of securities on the Alternative Fixed-Income Market makes dividend payouts conditional on achieving certain financial ratios during the life of the contract, namely

- the Net Financial Debt-to-EBITDA Ratio is equal to or below the levels set out in Note 17.

2.25. Going concern assumption

As at 31 December 2023, the Group has negative working capital of 15,267,000 euros (positive working capital of 15,077,000 euros as at 31 December 2022) and a positive book value of equity of 104,026,000 euros as at 31 December 2023 (97,545,000 as at 31 December 2022).

However, the Directors of the Parent Company have prepared these consolidated financial statements as at 31 December 2023 on a going concern basis, based on a number of factors which make it possible to foresee that the company will have no problems in meeting its short-term obligations, which are set out below:

On 22 February 2022, the Board of Directors approved the Business Plan for the 2022-2026 period, which aims to diversify sectors, business lines and geographic markets.

The inorganic transactions carried out in recent years have accelerated the fulfilment of this business plan, although they have required the use of resources that will be recovered in the long term.

During the first six months of 2023, the Group acquired Carretillas Mayor, S.A. and 50% of the remaining shares of GAM Arabia Company Limited. In the second half of the year the Group acquired Ozmaq, S.A. de C.V. These acquisitions resulted in an outlay of 19,888,000 euros in 2023, with a deferred amount of 9,119,000 euros payable between 2026 and 2028.

In addition, in recent years the Group has further diversified its funding sources, giving it greater flexibility to deal with shifting and unpredictable socioeconomic conditions. It has also increased the average maturity of its debt, bearing in mind that the Group's main business consists of leasing its fixed assets to third parties, so it takes over 5 years to yield economic returns.

The Company's significant finance operations include the "GAM 2023 Promissory Note Programme" (listed on the 2021 Alternative Fixed-Income Market 2021 and extended on 31 January 2023), with a maximum outstanding balance of 50 million euros; the "GAM 2023 Fixed-Income Programme" (listed on the 2021 Alternative Fixed-Income Market and extended on 18 May 2023), with a maximum outstanding balance of 100 million euros; the finance operation signed on 30 November 2022 with the European Investment Bank (EIB), backed by the European Fund for Strategic Investments, for an amount of 35 million euros, and the 10 million euro loan granted on 30 November 2023 by the Instituto de Crédito Oficial, all of which are earmarked for investments associated with various sustainability and innovation projects being carried out by the Group.

These new funding sources are enabling the Group to make the strategic investments necessary to implement its business plan, including a number of sustainability and innovation projects.

Lastly, the Group generates sufficient operating funds to meet its short-term obligations and there are no restrictions on cash transfers between Group companies. Total operating profit was 23,244,000 euros (16,653,000 euros as at 31 December 2022), and profit for the year was 9,044,000 euros (7,867,000 euros as at 31 December 2022). Cash flows from operating activities in 2023 amount to 81,688,000 euros (49,542,000 euros in 2022).

Additionally, as at 31 December 2023 the Group has undrawn credit facilities amounting to 6,694,000 euros (2,086,000 euros as at 31 December 2022), and an undrawn reverse factoring facility amounting to 11,613,000 euros as at 31 December 2023. There is also a loan facility granted by the Group's ultimate Parent Company with 10,000,000 thousand euros undrawn (Note 17). The Group's cash flow budget for 2024 suggests that it will not have any difficulties in meeting its future payment obligations for that year, and it expects to meet its payment commitments with the operating funds generated by its business, as well as with the amounts obtained from the aforementioned funding sources.

3. Financial risk management

3.1. Financial risk factors

The Group's businesses are exposed to various financial risks: interest rate risk, credit risk and impairment of financial assets, liquidity risk and foreign exchange risks. The Group's Finance Department controls the above risks according to the instructions provided by the Board of Directors. Its decisions are overseen and approved by the Board of Directors.

(a) Interest rate risk

During 2023 and 2022 the Group's financing is subject to fixed and variable interest rates. The novation of the debt in 2020 entails variable financing tied to Euribor plus a spread (Tranche A), as detailed in Note 17, and therefore there is interest rate risk as detailed in Note 3,4. 3,4. Additionally, some of the Group's debt is at a fixed rate, mainly bonds and promissory notes issued, as well as the borrowings from the European Investment Bank (Note 17). The group generates sufficient operating funds to meet its short-term commitments and has cash flows from operating activities of 81,688,000 euros at year-end 2023.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. The Group's financing costs were impacted in 2023 by, firstly, the increase in interest rates on new fixed-rate agreements and, secondly, on existing floating-rate agreements. However, these increases were taken into account in the 2023 budget and will also be taken into account in the 2024 budget. The Group expects interest rates to level off in the coming years to pre-2023 levels.

The GAM Group does not estimate a significant risk linked to the reform of interbank interest rates (IBOR indices). With respect to Euribor, the reference rate for financing a portion of the Group's debt, a new calculation methodology was developed in previous years. This new methodology was approved by the authorities and it is therefore not necessary to change the existing Euribor-linked agreements.

(b) Credit risk and impairment of financial assets

The Group has different methods for measuring expected credit losses for loans and financial assets at fair value through other comprehensive income for trade receivables, contract assets from contracts with customers and finance lease receivables.

The Group's credit risk arises mainly from trade accounts payable and there is no significant concentration of credit risk in the balances of these accounts. A significant proportion of sales are made to listed companies or reputable companies in the industrial, wind power, events, energy and, to a lesser extent, construction sectors. Sales to smaller customers or those with low credit ratings are insured, on a case-by-case basis, and the insurer (Note 10) is liable for 95% of the possible risk of non-payment of those that are insured.

The Group manages its credit risk prospectively, servicing its customers within the risk limits set by insurance policies, and on the basis of each customer's credit history and expected future credit rating.

The Company is continuing with its strategy of refocusing its business on industrial customers, as well as increasing the scale of its distribution and trading business, allowing it to obtain customers with increasingly higher credit ratings, and to reduce its average collection periods, which have fallen from 69 days as at 31 December 2022 to 67 days as at 31 December 2023. However, it has not been necessary to change the credit management policies implemented in previous years, as they have been deemed adequate to cope with the current socioeconomic conditions.

The maximum exposure to credit risk is detailed in Note 10.

(c) Liquidity risk

On a monthly basis, the Finance Department analyses the financial debt repayment schedule and the corresponding short- and medium-term liquidity needs, and manages its financing resources on this basis.

Growth investing (beyond the refurbishment of machines) requires high levels of investment, the return on which is obtained over the life of the machinery, and as a result, the Group regularly uses sources of finance with long-term maturities.

To finance working capital, the Group has secured long-term credit facilities with various financial institutions, enabling it to obtain immediate funds up to a total limit of 27,981,000 euros in 2023 (the amount drawn down as at 31 December 2023 totals 21,287,000 euros). Furthermore, the Group has entered into reverse factoring arrangements with various financial institutions to manage payments to suppliers up to a total limit of 15,000,000 euros (the amount drawn down as at 31 December 2023 is 3,487,000 euros) (see Note 17).

Additionally, the Group listed a Promissory Note Programme with a maximum outstanding balance of 50 million euros on the Alternative Fixed-Income Market in 2021, issuing several notes in 2021 for a total amount of 20 million euros. This programme was extended in 2023, with a total of 16,7 million euros issued in 2023 (18,9 million euros in 2022).

Due to the cash flow shortfall caused by an average collection period of around 67 days in 2023 (69 days in 2022), the Company regularly uses trade discounts, transfers of receivables to banks through factoring agreements and drawdowns on credit facilities (Note 17) that the Company has secured with various financial institutions.

The maturity of financial liabilities is detailed in Note 17.

With regard to the problems with the economic environment in which the company operates in recent years, mainly in Spain, the GAM Group took the appropriate measures to ensure adequate levels of liquidity to meet the needs of the business. Although it has overcome these difficulties and the Group has seen a gradual improvement, it has continued to implement these measures, most notably:

- GAM is continuing to further diversify into sectors other than construction, and into services that complement machinery rentals. In particular, GAM has increased, and continues to do so, revenues from CapEx-free businesses, such as trading, distribution, training and maintenance, which allow cash to be generated with a lower level of investment.

- There are certain operational levers that GAM is able to take advantage of, which will result in cost reductions, such as optimising corporate facilities and resources, focusing on the most profitable ranges of machines, etc.

As at 31 December 2023, it has negative working capital of 15,267,000 euros (positive capital of 15,077,000 euros as at 31 December 2022), although during the year there have been no defaults of any kind in the Group. The Group generates sufficient operating funds to meet its short-term commitments (see Note 2,25).

(d) Foreign exchange risk

The Group operates globally and is therefore exposed to limited foreign exchange risk on foreign currency transactions, particularly with respect to the US dollar, Mexican peso, Chilean peso, Peruvian sol, Colombian peso and Moroccan dirham, with the euro being the Parent Company's functional currency. Foreign exchange risks arise from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Generally, the Group's policy is that operations in each country are financed with debt denominated in the functional currency of each country, so that the risk only affects the portion corresponding to the capital investment.

Since the outbreak of COVID-19, the US dollar has been the world economy's main safe haven. Latin American currencies have lost value as a result of capital flight to safer destinations and the prospects of an economic downturn. Mexico, Chile and Colombia, where the Group has investments, have been among the countries most badly hit by the depreciation of their currencies.

Several Group companies have long-term loans or receivables in euros with other Group companies that are foreign operations. The Group does not expect any part of these loans to be settled in the foreseeable future, nor is it likely that they will be settled. For this reason a portion of these loans have been treated as part of the entity's net investment in that foreign operation. Thus, exchange differences arising on monetary items that form part of the entity's net investment in foreign operations are recognised in profit or loss in the separate financial statements of the foreign operation. In the consolidated financial statements, such exchange differences are initially recognised in consolidated other comprehensive income and are reclassified from equity to profit or loss when the foreign operation is disposed of.

The Group continuously monitors exchange rate fluctuations and performs an annual sensitivity analysis of the possible impact of exchange rate fluctuations on its equity and earnings.

The sensitivity of earnings and equity to fluctuations in the exchange rates of the currencies in which the Group operates against the euro is shown below, in thousands of euros.

Expressed in thousands of euros

	Exchange rate increase			Exchange rate decrease		
Currency	YoY change	Change in consolidated profit (loss) 2023		YoY change	Change in consolidated profit (loss) 2023	
		(thousands of euros)	(%)		(thousands of euros)	(%)
Mexican peso	2%	-41	-0.72%	-2%	42	0.74%
Peruvian sol	3%	-4	-0.06%	-3%	4	0.07%
US dollar	0%	0	-0.01%	0%	0	0.01%
Moroccan dirham	0%	-1	-0.02%	0%	1	0.02%
Chilean peso	3%	-37	-0.65%	-3%	39	0.69%
Colombian peso	6%	6	0.10%	-6%	-6	-0.11%
Dominican peso	3%	-11	-0.19%	-3%	12	0.20%
Romanian leu	11%	0.0	0.00%	-11%	0	0.00%

	Exchange rate increase			Exchange rate decrease		
Currency	YoY change	Change in consolidated profit (loss) 2022		YoY change	Change in consolidated profit (loss) 2022	
		(thousands of euros)	(%)		(thousands of euros)	(%)
Mexican peso	6%	-129	-1.87%	-6%	144	2.09%
Peruvian sol	6%	-8	-0.11%	-6%	9	0.13%
US dollar	1%	-1	-0.01%	-1%	1	0.01%
Moroccan dirham	0%	-1	-0.02%	0%	1	0.02%
Chilean peso	4%	-56	-0.81%	-4%	60	0.87%
Colombian peso	7%	-20	-0.29%	-7%	23	0.33%
Dominican peso	5%	-30	-0.43%	-5%	33	0.48%
Romanian leu	2%	-	0.00%	-2%	-	0.00%

The % change of each exchange rate has been calculated based on the historical year-on-year changes of each exchange rate over the last few years.

3.2. Estimating fair value and credit risk exposure

According to IFRS 13, for financial reporting purposes, fair value measurements are categorised into levels according to the following hierarchy:

- 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, both directly (i.e. prices) and indirectly (i.e. derived from prices) (level 2).
- Inputs for assets or liabilities that are not based on observable market data (i.e. unobservable inputs) (level 3).

The fair value of financial instruments that are not quoted in an active market is measured using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions prevailing at each balance sheet date (market prices of the underlying of the option, the quoted interest rate curve, volatility based on market inputs).

Non-current financial assets recognised as at 31 December 2023 and 2022 mainly comprise deposits and bonds provided for the leased premises in which the group operates. The fair value of these assets is similar to their carrying amount and their maximum exposure to credit risk at the reporting date is their carrying amount.

Current financial assets mainly comprise trade debt. The carrying amount less the provision for impairment of receivables and payables is assumed to approximate fair value.

For financial reporting purposes, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments. The fair value of financial liabilities is similar to their carrying amount.

As at 31 December 2023 and 2022 there are no financial assets and liabilities to be offset.

Exposure to credit risk and impairment of financial assets

As outlined in the accounting policy on impairment, the Group has different methods for measuring expected credit losses for loans and financial assets at fair value through other comprehensive income for trade receivables, contract assets from contracts with customers and finance lease receivables.

As at 31 December 2023 and 2022, the fair value of profit participation loans granted by the Group to third parties is zero.

The Directors believe that the financial assets measured at amortised cost, other than trade receivables, have a very high credit rating as they consist of loans to staff that are deducted from their salaries and fixed-term securities and deposits for leases, and therefore no material loss is expected and consequently no loss associated with these assets has been recognised.

The following table shows the internal risk rating, the gross amount and the amount of impairment recognised as at 31 December 2023 and 2022 for trade receivables:

Expressed in thousands of euros

Internal risk rating for 2023	Thousands of euros		
	Expected loss ratio in percent	Trade receivables	Impairment
Not due	0%	62,632	33
0 - 60 days	1%	5,820	53
60 - 120 days	1%	3,084	29
120 - 180 days	5%	1,301	63
Over 180 days	97%	11,270	10,915
Balance as at 31 December 2023	21%	84,107	11,093

Internal risk rating for 2022	Thousands of euros		
	Expected loss ratio in percent	Trade receivables	Impairment
Not due	0%	42,126	43
0 - 60 days	1%	7,055	74
60 - 120 days	4%	1,906	72
120 - 180 days	4%	2,194	83
Over 180 days	99%	11,453	11,314
Balance as at 31 December 2022	21%	64,734	11,586

Movements in impairments of trade and other receivables during 2023 are detailed in Note 10.

As mentioned in Note 3,1(b), a significant portion of the Group's sales are insured. Trade receivables covered at year-end 2023 and 2022 amount to 49,378,000 euros and 35,166,000 euros, respectively. The Group does not expect any significant losses to arise on these assets.

Non-financial assets and liabilities

For the purposes of Note 4,1.e, under given circumstances, the Group uses the disposal value less cost of sale to analyse the recoverability of property, plant and equipment, based on recent market transactions carried out by the Group. In this respect, given that comparable transactions are being used, the levels of hierarchy applied for the valuation technique used to measure fair value are level 2 and 3, depending on the valuation method used (based on market value adjusted for sale costs or based on discounted cash flows).

3.3. Sensitivity to interest rate fluctuations

As detailed in Note 17, as at 31 December 2023 and 2022, a significant portion of the financial debt is tied to fixed interest rates and is recognised at amortised cost. Therefore, it is not exposed to interest rate risk as defined in IFRS 7, because neither the carrying amount nor the cash flows will fluctuate due to a change in market interest rates.

The Group does not believe that changes in floating interest rates pose a significant risk to the Group's debt that is tied to these rates. Although these rates are variable, the market outlook is that they will fall and gradually level out over time (Euribor).

3.4. Equity management and level of indebtedness

The Group's aim is to have sufficient equity to obtain the necessary funding from borrowings to continue its operations, without jeopardising its solvency and maximising the return that shareholders can obtain from the equity invested. The Group does not operate in sectors with specific capital requirements and complies with general legislation (Spanish Corporations Act) on minimum capital requirements.

Generally, purchases of machinery have been financed in the past through finance lease agreements and other loans; acquisitions of companies through the deferral of part of the payment, bank loans and, when necessary, through capital increases; purchases of real estate and land through mortgages; and for the financing of working capital the Group uses trade discounting, factoring, credit facilities and the Alternative Fixed-Income Market.

Due to existing financing needs, the Group has not paid out dividends since its incorporation and, as explained in Note 2,24, due to the obligations assumed with respect to the financial institutions that signed the refinancing agreement in 2015 and its novation in 2020, as well as those arising from the bond issue in the Alternative Fixed-Income Market (MARF) in 2021 and the contract signed in 2022 with the EIB, GAM will not be able to pay out dividends under certain conditions. The Group manages its capital requirements by controlling the level of indebtedness, measured as the number of times net debt exceeds equity. Net debt is defined as debt from finance leases, debt from convertible bond issues, profit participation loans and other financial debt, minus debt financed through suppliers of fixed assets and bank debt, securities and cash in banks and cash equivalents and plus other off-balance sheet liabilities (mainly guarantees). Equity is deemed to be total equity.

On 29 November 2022 the Syndicated Loan was novated again. On 21 December 2023 Carretillas Mayor and Arabia were added to the loan as guarantors.

Under the novation agreement entered into on 17 December 2020 and novated in November 2022, ratios have been set for the years 2021 to 2025, as detailed in Note 17. As at 31 December 2023, the Group is meeting these ratios.

In connection with the bond issue listed in the Alternative Fixed-Income Market in 2021, new ratios have been established for the years 2021 to 2025, as described in Note 17. As at 31 December 2023, the Group is meeting these ratios.

Under the agreement entered into with the European Investment Bank on 30 November 2022, ratios have been set for the years 2022 to 2030, as detailed in Note 17. As at 31 December 2023, the Group is meeting these ratios.

On 29 March 2023, the GAM Group entered into a loan agreement with the Instituto de Crédito Oficial for 10,000,000 euros according to which the Group cannot pay out dividends under certain conditions.

4 Accounting estimates and judgements

Estimates and judgements are continually reviewed and are based on past experience and other factors, including expectations regarding future events that are believed to be reasonable under the circumstances.

4.1. Significant accounting estimates and assumptions

In the consolidated financial statements for 2023 and 2022, the GAM Group's Management had to apply and use estimates to determine the amount and value of certain assets, liabilities, income, expenses and commitments recorded in the relevant line items and detailed in the notes to the consolidated financial statements. Certain accounting estimates are considered significant if the nature of the critical estimates is material and when changes in these estimates will have a material impact on GAM's consolidated financial statements and its financial position or operating performance.

In order to calculate and determine the estimates and assumptions detailed below, the Group has taken into account the risk posed by climate change, which has had a significant impact on the implementation of new climate policies and the approval of new legislation both in Spain and in the European Union itself, where various regulations have been approved on this matter. The Group has concluded that, given the nature of its business, this risk has no significant effect on the estimates outlined below, not even those related to the useful lives of the assets or their impairment testing. This is because, as stated in the Company's Non-Financial Information Statement, as at 31 December 2023, 82,1% of the Group's fleet of machinery consists of zero-emission vehicles.

Although these estimates were made by the Management and Directors on the basis of the best information available at the end of each reporting period, applying their best estimates and market knowledge, it is possible that future events may require the Group to change these estimates in subsequent periods. In accordance with IAS 8, the effects of changes in estimates are recognised prospectively in the consolidated income statement.

(a) ***Useful lives and residual values of property, plant and equipment***

The Group estimates the useful lives and residual values of different types of property, plant and equipment based on their expected usage and wear and tear, commercial and technological obsolescence and past experience. With regard to machinery, the leasing cycle of machinery is considered to be shorter than the technical service life, since the GAM Group's quality policy and the market demand high performance from leased machinery and technologically up-to-date personnel. At each closing date, the Management re-estimates the useful lives and residual values of the machinery (Note 2,5).
Given the above factors, and the relatively short existence of the Group, the result of these re-estimates may lead to changes in these parameters.

(b) *Recoverability of deferred tax assets*

The Management assesses the recoverability of deferred tax assets on the basis of estimates of future taxable profits, assessing whether they will be sufficient during the periods in which the deferred tax assets are deductible. In its assessment, the Management takes into account the expected reversal of deferred tax liabilities, the projected taxable profit and the applicable tax regulations in force. Deferred tax assets are recognised when it is probable that they will be recoverable in the future. The Management and Directors believe that the deferred tax assets recognised by the Group are likely to be recoverable; however, estimates may change in the future as a result of changes in tax legislation, or the impact of future transactions on tax balances.

During 2023, the Group recognised deferred tax assets arising from tax loss carryforwards, based on the past recoverability of these assets in recent years and taking into account the estimate of recoverability based on the 2022-2026 Business Plan approved by the Board of Directors (Note 2,25) and adapted to the 2024 budget approved by the Board of Directors. For the years 2025-2026, the business plans of the companies acquired subsequent to the approval of the Business Plan have been included and for the years 2027-2028, the underlying growth projection assumptions used in the 2022-2026 Business Plan approved by the Board of Directors have been applied.

In 2023, the Group has recognised deferred tax assets relating to tax credits (Note 2,17 and Note 27).

(c) *Classification of lease agreements and estimation of right-of-use assets and lease liabilities*

The Group engages in various leasing arrangements as lessor and lessee.

For those agreements where the Group acts as lessee, the transactions are always recorded as finance leases, except for the exceptions detailed in Note 2,21.

When determining the lease term, the GAM Group considers all relevant facts and circumstances that create a significant economic incentive for the lessee to exercise the renewal option or not to terminate the lease. Renewal or termination options are only factored in when determining the term of a lease if it is reasonably certain that the lease will be extended or not cancelled. In the event of a significant event or a material change in circumstances that could affect the determination of the term length, the GAM Group reviews the valuations made when determining the lease term.

For those agreements where the Group acts as lessor, the Management determines whether to classify such leases as operating or finance leases based on the transfer of risks and rewards of ownership of the leased assets between the lessor and the lessee. As explained in Note 2,21, a lease is classified as a finance lease when substantially all the risks and rewards of ownership are transferred from the lessor to the lessee. Conversely, a lease is classified as an operating lease if substantially all the risks and rewards of ownership have not been transferred from the lessor to the lessee. As at 31 December 2023 and 2022, the group has no leases in which it acts as lessor which are classified as finance leases.

(d) *Recoverability of non-financial assets*

Recoverability of property, plant and equipment

At each reporting date, the Group assesses whether there is any indication that the assets may be impaired. If there is any such indication, the Group estimates the recoverable amount of the asset.

Indicators of impairment are analysed at different levels.

At the level of a CGU or group of CGUs, there are indications of impairment if there is negative EBITDA for a continuous period, or when there are substantial deviations from the business plan. The Group also analyses whether there are indications of impairment at a lower level than the CGU, i.e. at the level of an individual machine or family of machines, in which case an analysis would be performed at lower levels. At this level, a loss-making sale for non-exceptional reasons or a significant decline in the return on a family of machines is regarded as evidence of impairment.

A cash-generating unit (CGU) is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of inflows from other assets. The GAM Group defines CGUs as the group of non-financial assets in each country, mainly consisting of the fleet of machines. CGUs are designated as such based on how income is generated and assets are traded at country level.

The recoverable amount of a machine is measured as the higher of value in use or fair value less estimated costs to sell. The fair value less costs to sell is calculated using two methods: market value of the machinery less costs to sell (i.e. the aggregate of the market value of each machine if they were sold individually), or discounted cash flows to be obtained from the machines under lease agreements.

Goodwill

The Group tests goodwill for impairment every year in accordance with the accounting policy in Note 2,6.a). These calculations require the use of estimates (Note 8).

The recoverable amount of goodwill has been measured as the higher of value in use or fair value less estimated costs to sell. The fair value less costs to sell is calculated using two methods: market value of the machinery less costs to sell (i.e. the aggregate of the market value of each machine if they were sold individually), or the discounted cash flow method based on the figures in the business plan approved by the Board of Directors (i.e. the fair value of a CGU or group of CGUs as a whole).

There was no impairment of goodwill during 2023 and 2022.

The key assumptions used to measure the recoverable amount of individual cash-generating units or groups of CGUs, including their sensitivity analysis, are described and explained in more detail in Note 8.

(e) *Fair value of financial instruments*

The fair value of financial instruments that are not traded in an active market is measured using valuation techniques. The Group uses its judgement to select a range of methods and makes assumptions that are based primarily on prevailing market conditions at each balance sheet date (Note 3,2).

(f) *Inventory*

Inventories are measured at the lower of acquisition or production cost and net realisable value. To calculate the net realisable value of spare parts held for sale, the Company estimates the price that can be obtained for them on the second-hand market. Note 2,7.

(g) *Fair value of assets and liabilities acquired in business combinations*

Business combinations in which the Group acquires control of one or more businesses are accounted for using the acquisition method, which generally involves, at the acquisition date, recognising the assets acquired, the liabilities assumed and any contingent consideration that requires estimates and judgements to be made by the Management and Directors.

4.2. Significant judgements in applying accounting policies

(a) Derecognition of financial assets

Financial assets are derecognised when the related rights to receive cash flows have expired or have been transferred and the Group has substantially transferred the risks and rewards of ownership.

The Group considers that in all non-recourse factoring agreements the rights to receive cash flows have been transferred and all risks and rewards of the receivables have been transferred and therefore, as at 31 December 2023, 9,586,000 euros of these receivables were derecognised (8,545,000 euros in 2022). This amount includes 9,586,000 euros drawn down from factoring facilities (4,765,000 euros in 2022).

(b) Share option scheme

The Group has made the following judgements when applying IFRS 2:
- Tranche A and the Additional Tranche have been treated as equity-settled share-based payments as there is no present obligation to settle in cash for these tranches.
- Similarly, the shareholding financial institutions are not considered to be part of the Group, they are only related parties for the purposes of this scheme.
- No further outflows are expected to occur for the duration of the scheme in addition to those that occurred in 2019 for the directors covered by the scheme.

(c) Capitalisation of machinery refurbishment, extension or improvement costs

Given the nature of the industry in which it operates, the Group incurs a high level of repair and maintenance, refurbishment, extension and improvement costs on an annual basis.
During the year, the Group capitalises refurbishment costs as additions to property, plant and equipment under machinery (Note 7). According to the applicable financial reporting framework, the amounts capitalised as additions to property, plant and equipment can include refurbishment, extension or improvement costs, whereas repair and maintenance costs are not capitalised and should be recognised as an expense for the year. A degree of judgement is required to determine whether or not the costs incurred meet the criteria for capitalisation.

5 Segment reporting

The definition of segment and the way in which the Group reports financial information in segments complies with IFRS 8 according to the information reviewed by the Board of Directors on a regular basis.

The Board of Management analyses the performance of the operating segments based on a recurring EBITDA valuation. This valuation basis excludes the effects of non-recurring operating segment expenses such as restructuring costs, legal expenses and goodwill impairment where the impairment is the result of a one-off non-recurring event. Interest income and expenses are not allocated to segments as this type of activity is carried out by central treasury, which manages the Group's cash position.

The operating segments identified by the Board of Directors are based on a geographic perspective, on the basis of the internal business structure, the business model followed in each geographic area and according to internal reports which are regularly reviewed by the Board of Directors in order to allocate resources to each segment and assess its performance. The segments are as follows: Spain, Portugal, Latam, Arabia and Morocco. The significant reportable segments as defined in IFRS 8 are Spain, Portugal and Latam.

Each segment covers the activities of the Group's companies located in each of the countries comprising the segment.

Segment information for the years ended 31 December 2023 and 2022 is as follows:

Expressed in thousands of euros

	2,023				
	Thousands of euros				
	Spain (3)	Portugal	Latam	Rest	Total
Total segment revenue	**212,822**	**21,281**	**42,939**	**9,439**	**286,481**
Inter-segment revenue	(4,326)	(109)	(543)	(648)	(5,626)
Recurring segment revenue from external customers	**208,496**	**21,172**	**42,396**	**8,791**	**280,855**
% of total	74%	8%	15%	3%	100%
Recurring revenue from external customers	**208,496**	**21,172**	**42,396**	**8,791**	**280,855**
Accounting EBITDA (1)	**47,194**	**9,319**	**13,281**	**3,071**	**72,865**
Other non-recurring expenses(5)	611	8	171	-	790
Recurring EBITDA (2)	**47,805**	**9,327**	**13,452**	**3,071**	**73,655**
% of total	65%	13%	18%	4%	100%
% of recurring revenue	23%	44%	32%	35%	26%
Reconciliation:					
Depreciation (amortisation) charge					(49,621)
Impairment					-
Operating profit (loss)					**23,244**
Financial income					145
Financial expenses					(15,828)
Exchange differences					(641)
Pre-tax profit (loss)					**6,920**
Corporation tax					2,124
Profit (loss) for the year					**9,044**

(1) Accounting EBITDA defined as the aggregate amount of Operating profit (loss) plus Depreciation (amortisation) charge plus Impairment.

(2)Recurring EBITDA defined as the aggregate amount of Accounting EBITDA plus Total non-recurring expenses.

(3) The expenses attributable to the parent company are split between the different segments.

(4)Non-Spain segments exclude subleases made to avoid operational investments.

(5) Non-recurring expenses mainly comprise termination benefit costs of 341,000 euros (Note 25), refinancing costs of 74,000 euros and other acquisition costs of 374,000 euros.

The operating investments in 2023 are as follows:

	Thousands of euros				
	Spain	Portugal	Latam	Rest	Total
Operating investments(1)					
Property, plant and equipment	37,731	1,092	4,629	969	44,421
Right-of-use assets	24,381	3,147	2,175	1,682	31,385
	62,112	**4,239**	**6,804**	**2,651**	**75,806**

(1) Operating investments include investments in machinery.

Expressed in thousands of euros

The comparative segment information provided to the Board of Directors on the reportable segments for the year ended 31 December 2022 is as follows:

	2,022				
	Thousands of euros				
	Spain (3)	Portugal	Latam	Rest	Total
Total segment revenue	**173,365**	**17,688**	**31,565**	**4,369**	**226,987**
Inter-segment revenue	(3,733)	(13)	(2)	-	(3,748)
Recurring segment revenue from external customers	**169,632**	**17,675**	**31,563**	**4,369**	**223,239**
% of total	76%	8%	14%	2%	100%
Recurring revenue from external customers (Note 22)	**169,632**	**17,675**	**31,563**	**4,369**	**223,239**
Income of companies accounted for by the equity method	-	-	-	1,533	1,533
Accounting EBITDA (1)	**38,196**	**7,120**	**10,905**	**1,655**	**57,876**
Other non-recurring expenses(5)	430	5	28	-	463
Recurring EBITDA (2)	**38,626**	**7,125**	**10,933**	**1,655**	**58,339**
% of total	71%	11%	16%	1%	100%
% of recurring revenue	25%	37%	29%	25%	26%
Reconciliation:					
Depreciation (amortisation) charge					(41,223)
Impairment					-
Operating profit (loss)					**16,653**
Financial income					143
Financial expenses					(9,334)
Exchange differences					(413)
Pre-tax profit (loss)					**7,049**
Corporation tax					818
Profit (loss) for the year					**7,867**

1) Accounting EBITDA defined as the aggregate amount of Operating profit (loss) plus Depreciation (amortisation) charge plus Impairment.

(2)Recurring EBITDA defined as the aggregate amount of Accounting EBITDA plus Total non-recurring expenses.

(3) The expenses attributable to the parent company are split between the different segments.

(4)Non-Spain segments exclude subleases made to avoid operational investments.

(5) Non-recurring expenses mainly comprise termination benefit costs of 465,000 euros (Note 25), refinancing costs of 52,000 euros and other acquisition costs of 42,000 euros.

The operating investments in 2022 are as follows:

Expressed in thousands of euros

	Thousands of euros				
	Spain	Portugal	Latam	Rest	Total
Operating investments[(1)]					
Property, plant and equipment	30,848	1,917	2,747	99	35,611
Right-of-use assets	8,223	963	2,998	1942	14,126
	39,071	**2,880**	**5,745**	**2,041**	**49,737**

(1) Operating investments include investments in machinery.

The amounts provided to the Board of Directors in respect of operating investments are measured using the same methods as are applied when preparing the consolidated financial statements. These assets are allocated on the basis of the segments' business activities and the physical location of the assets.

Details of the goodwill impairment test are included in Note 8.

Inter-segment sales are carried out on an arm's length basis. Revenue from external customers reported to the Board of Directors is measured using the same methods as are used for the income statement. Geographical information relating to revenue from external customers is detailed in Note 22.

As at 31 December 2023 and 2022, the total assets and liabilities of each segment are as follows:

	Thousands of euros				
2023	Spain	Portugal	Latam	Other and inter-segment eliminations	Total
Assets[(1)]	467,271	56,284	76,434	(62,765)	537,224
Liabilities[(1)]	**417,816**	**28,053**	**49,832**	**(62,503)**	**433,198**

	Thousands of euros				
2022	Spain	Portugal	Latam	Other and inter-segment eliminations	Total
Assets[(1)]	397,353	55,793	51,403	(52,416)	450,133
Liabilities[(1)]	**331,837**	**29,067**	**52,600**	**(60,916)**	**352,588**

(1) Other and inter-segment eliminations include both non-significant segments and inter-segment eliminations of assets and liabilities, including investments in group companies, which are eliminated for consolidation purposes.

Accounting EBITDA, Recurring EBITDA and Total non-recurring expenses together with Operating investments or CapEx are regarded as Alternative Performance Measures (APM), according to the ESMA Guidelines (for further information, see the Annex to the Directors' Report "Alternative Performance Measures").

6 Business combinations

On 23 March 2023 the Group acquired ownership of shares representing 100% of the share capital of Carretillas Mayor, S.L. after purchasing 100% of the company's shares for a total of 18,205,000 euros, of which 5,605,000 euros are still outstanding, payable on 23 March 2026. The main business of the acquired company consists of machine rentals and maintenance.

The Group's strategy, outlined in its business plan, includes sector diversification, with the aim of boosting CapEx-free business and long-term recurring business. Carretillas Mayor is an industrial company, focused on delivering long-term services to large industrial customers and key sectors such as the automotive industry, which are the focal point of the aforementioned strategy.

The acquired business has generated recurring revenue and consolidated profit of 19,605,000 euros and 2,145,000 euros respectively for the Group between the acquisition date and 31 December 2023.

If the acquisitions had taken place on 1 January 2023, the Group's recurring revenue and consolidated profit for 2023 would have been 1% and 4% higher, respectively.

On 2 May 2023, the GAM Group acquired 50% of the share capital of GAM ARABIA Company Limited. Prior to this acquisition, the GAM Group already owned the remaining 50% of GAM ARABIA Company Limited's shares. Since control was obtained through several transactions carried out at different dates, this is a business combination achieved in stages.

The fair value of the equity interest held in the acquiree immediately prior to the acquisition date was 1,250,000 euros, whereas its carrying amount was 865,000 euros, generating income of 425,000 euros, which is recognised in the accompanying income statement under "Negative goodwill on business combinations".

After taking control of the subsidiary, it is developing an ambitious growth plan for the coming years, against a backdrop of growth, transformation, modernisation and liberalisation in the country. GAM's main business in Saudi Arabia is energy (generator set rentals), which accounts for 80% of revenue, with the remaining 20% coming from lifting equipment rentals (platforms). An economic and social transformation plan called "VISION 2023" is being implemented, designed to diversify the Saudi economy and reduce its historical dependence on oil, promoting industries such as mining, technology, petrochemicals and renewable energies (major investments in solar and wind energy projects). This will ensure that a significant part of the energy generated in the country comes from clean sources.

The acquired business has generated recurring revenue and consolidated profit of 1,568,000 euros and 299,000 euros respectively for the Group between the acquisition date and 31 December 2023.

If the acquisitions had taken place on 1 January 2023, the Group's recurring revenue and consolidated profit for 2023 would have been 0,8% and 2% higher, respectively.

On 24 July 2023, through the company GAM Alquiler de México SA de CV, the GAM Group acquired 60% of the share capital of Ozmaq SA for 120 million Mexican pesos (6,423,000 euros at the date of acquisition). Moreover, the parties have entered into a call option agreement whereby the GAM Group can complete the acquisition of the remaining 40% of the share capital of Ozmaq SA. The amount to be paid for the acquisition of the remaining 40% will be approximately 80 million pesos (3,514,000 euros at the acquisition date). The exercise period of this call option will be between July 2026 and July 2028 and it has been recorded under Other non-current liabilities as it has been treated as an advance acquisition because the Group now has access to returns on the shareholding.

The main business of the company, which is based in San Luis Potosí, is the rental and sale of forklifts.

As a result of this deal, the GAM Group has become the main distributor of the Clark brand in Mexico, and has also acquired the distribution rights for the Heli and Brokk brands in various territories. The latter works with demolition robots, which the GAM Group had not distributed previously, and which are used, among other things, in the metallurgical industry for refractory cleaning in blast furnaces.

The acquired business has generated recurring revenue and consolidated profit of 5,278,000 euros and 535,000 euros respectively for the Group between the acquisition date and 31 December 2023.

If the acquisitions had taken place on 1 January 2023, the Group's recurring revenue and consolidated profit would both have been 2% higher for 2023.

The breakdown of the consideration given, the provisional amount of the fair value of the assets acquired and liabilities assumed and the goodwill (or the excess of net assets acquired over the cost of the combination) is as follows:

Expressed in thousands of euros

	Thousands of euros		
	Carretillas Mayor, S.A.	GAM Arabia Company Limited	Ozmaq S.A de C.V
Consideration given			
Cash paid	12,600	865	6,423
Outstanding payment	5,605	-	3,514
Fair value of previous shareholding	-	1,250	-
Total consideration given	**18,205**	**2,115**	**9,937**
Intangible assets (Note 8)	1,420	-	524
Property, plant and equipment (Note 7)	18,004	6,681	7,378
Rights of use (Note 16)	12,011	233	2,562
Financial assets	335	-	82
Deferred tax assets	1,150	-	149
Inventory	1,384	7	607
Indemnification assets	2,312	-	1,485
Trade and other receivables	4,933	1,472	2,659
Cash	193	16	1,141
Deferred tax liabilities	(3,769)	(238)	-
Provisions	(2,577)	(488)	(1,485)
Financial debts	(2,868)	(157)	-
Lease liabilities	(12,288)	(242)	(3,396)
Other debts	(344)	(3,927)	-
Trade and other payables	(3,095)	(858)	(2,067)
Corp. tax liabilities	(234)	-	(575)
Fair value of net assets acquired	**16,567**	**2,499**	**9,064**
Goodwill (excess of net assets acquired over cost of acquisition)	**1,638**	**(384)**	**873**

On preparing these consolidated financial statements, upon initial recognition of the Carretillas Mayor, S.A. business combination, "Financial debts", "Property, plant and equipment" and "Intangible assets" were recorded on a provisional basis, so provisional fair values have been assigned.

On preparing these consolidated financial statements, upon initial recognition of the GAM Arabia Company Limited, business combination, “Other debts”, “Property, plant and equipment” and “Trade and other receivables” were recorded on a provisional basis, so provisional fair values have been assigned.

On preparing these consolidated financial statements, the Ozmaq S.A. de C.V business combination was initially recognised on a provisional basis, so provisional fair values have been assigned.

In intangible assets, an amount of 1,646,000 euros has been recognised mainly for the customer portfolio relating to the acquired companies Carretillas Mayor, S.A. and Ozmaq S.A. de C. V, and the Multi-Period Excess Earnings Method (MEEM) has been used to measure the fair value of these contracts, requiring a projection of income and expenses attributable to the intangible asset over the remaining useful life of the asset in question based on Level 3 input data, as these data were not observable in the market.

As a result of recognising these business combinations at fair value, indemnification assets of 3,797,000 euros were recognised in respect of the contingent liabilities recognised for the same amount.

There are no contingent considerations.

As a result of the acquisition of GAM Arabia, income of 385,000 euros was recognised in the accompanying income statement under "Negative goodwill on business combinations", as the fair value of the assets and liabilities acquired exceeded the consideration given.

The various acquisitions made during the year generated provisional goodwill of 2,511,000 euros in 2023 (Note 8).

In terms of the qualitative factors that make up the goodwill recognised, the Group expects that once the machinery acquired from the various acquisitions has been added to the Group's fleet of machines, sufficient cash flows can be generated to recover the excess price paid, and numerous synergies have been identified between the acquired companies and business lines and the Group's business, which will help to increase sales and improve margins.

On 1 January 2023, the accounting entry was completed for the business combinations that occurred during 2022, with a change of 654,000 euros in goodwill generated by the purchase of Dynamo Hispaman, S.L. with respect to the figures detailed in Note 5 of the Notes to the Group's Consolidated Financial Statements for the year 2022.

The total amount paid in 2023 in relation to business combinations amounted to 21,288,000 euros, of which 1,000,000 euros corresponds to payments for the Recambios y Maquinaria, S.A. business combination that took place in 2021 and 400,000 euros relates to the Intercarretillas-Interplataformas business combination that occurred in 2022.

Acquisitions in 2022

On 27 January 2022 the Group acquired shares representing 67,33% of the share capital of Grupo Dynamo Hispaman S.L. ("GDH") after purchasing 41,33% of the company's shares for 798,000 euros and subsequently participating in a capital increase carried out by the acquiring company for an amount of 1,440,000 euros, representing 1,440 shares. Moreover, an amount of 400,000 euros is outstanding, with payment due between January 2026 and January 2028. The total price of the transaction amounts to 2,638,000 euros.

The main business of the company, which is based in Madrid, is the rental and sale of forklift trucks.

The main reasons for the acquisition of this group are the GAM Group's growth strategy, following the inorganic route to accelerate growth; the synergies that exist within the handling equipment rental and sales business, as both companies are present in markets in which GAM is already operating; an interest in developing the long-term rental business, a business developed by the acquired companies and which, together with the GAM Group's network of outlets in Spain, will enable faster growth, and it will also gain exclusive distribution rights for the Yale® brand in various parts of Spain, thus becoming the exclusive distributor of the brand in the country.

The acquired business has generated recurring revenue and consolidated profit of 19,605,000 euros and 2,579,000 euros respectively for the Group between the acquisition date and 31 December 2022.

On 31 March 2022, the Group acquired two divisions of the companies Intercarretillas, S.L, and Inteplataformas, S.L., which were absorbed into the Group companies Recambios, Carretillas y Maquinaria, S.L. and GAM España Servicios de Maquinaria, S.L.U., respectively. The transaction was completed through a purchase and sale agreement for a total amount of 3,911,000 euros.

The main reasons for this acquisition stem from the GAM Group's strategy for organic and inorganic growth, as the acquired business lines operate in the long-term machinery rental business, similar to that of General de Alquiler de Maquinaria, and operate in markets where the GAM Group is already present, such as southern Spain, which will generate synergies by combining the activities of the acquired business lines and the GAM Group's network of outlets, which will enable faster growth.

The acquired business has generated recurring revenue and consolidated profit of 2,687,000 euros and 513,000 euros respectively for the Group between the acquisition date and 31 December 2022.

If the acquisitions had taken place on 1 January 2022, the Group's recurring revenue would have been 0% higher in 2022.

The breakdown of the considerations given, the fair value of the net assets acquired and the goodwill (or the excess of net assets acquired over the cost of the combination) is as follows:

Expressed in thousands of euros

	Thousands of euros		
	Grupo Dynamo Hispaman, S.L	Intercarretillas	Interplataformas
Consideration given			
Cash paid	2,239	3,000	484
Outstanding payment	400	342	85
Total consideration given	**2,639**	**3,342**	**569**
Intangible assets (Note 8)	1,965	102	6
Property, plant and equipment (Note 7)	12,037	3,402	371
Rights of use (Note 16)	4,042	211	-
Financial assets	37	-	-
Deferred tax assets	-	-	-
Inventory	2,142	120	14
Indemnification assets	1,013	62	-
Trade and other receivables	1,386	-	-
Cash	1,536	-	-
Deferred tax liabilities	(678)	-	-
Provisions	(1,013)	(62)	-
Contract liabilities from contracts with customers	(6,467)	(670)	-
Financial debts	(10,131)	(224)	-
Lease liabilities	(3,826)	(840)	(104)
Other debts	(192)	-	-
Trade and other payables	(2,572)	-	-
Fair value of net assets acquired	**(721)**	**2,101**	**287**
Goodwill (excess of net assets acquired over cost of acquisition)	**3,360**	**1,241**	**282**

There are no contingent considerations.

As a result of recognising these business combinations at fair value, indemnification assets of 1,075,000 euros were recognised, as the possible contingent liabilities identified in each company are guaranteed by the former shareholders under agreements between the parties, for the same amount and with the same maturity. These contingent liabilities were recognised at fair value at the acquisition date.

In intangible assets, an amount of 321,000 euros has been recognised for the customer portfolio relating to the acquired company Grupo Dynamo Hispaman S.L and for the acquisitions of the Intercarretillas, S.L, and Interplataformas, S.L. business lines.

Additionally, in relation to the acquired company Grupo Dynamo Hispaman S.L., 1,717,000 euros have been recognised under intangible assets for the Yale ® distribution agreement acquired in the central area of Spain. This agreement makes the GAM Group the exclusive distributor of the brand in Spain.

The Multi-Period Excess Earnings Method (MEEM) has been used to measure the fair value of these contracts and the customer portfolio, requiring a projection of income and expenses attributable to the intangible asset over the remaining useful life of the asset in question.

The customer portfolio is amortised on a straight-line basis according to the duration of the contracts.
The distribution agreement is amortised on a straight-line basis over the projected duration of the contract leading to its recognition.

The various acquisitions made during the year generated goodwill of 4,883,000 euros in 2022 (Note 8).

In terms of the qualitative factors that make up the goodwill recognised, the Group expects that once the machinery acquired from the various acquisitions has been added to the Group's fleet of machines, sufficient cash flows can be generated to recover the excess price paid, and numerous synergies have been identified between the acquired companies and business lines and the Group's business, which will help to increase sales and improve margins, including the commercial, operational and administrative use of the Group's network of outlets, and the expansion of the Yale® distribution network in Spain.

The Group has recognised 21,000 euros of transaction costs related to the above business combinations in Other operating expenses in the consolidated income statement.

The total amount paid in respect of business combinations in 2022 amounted to 6,773,000 euros, of which 600,000 euros relates to payments for the Gallega de Manutención, GALMAN, S.L. business combination that took place in 2020, and 1,050,000 euros relates to the Recambios, Carretillas y Maquianaria, S.L. business combination that occurred in 2021 which, after deducting the cash inflow from business combinations in 2022 (1,536,000 euros), represents a net cash outflow of 5,237,000 euros.

Expressed in thousands of euros

7 Property, plant and equipment

The following table shows a breakdown of movements in various categories of property, plant and equipment:

	Thousands of euros						
COST	Land and buildings	Equipment	Machinery	Furniture and fixtures	Other fixed assets	Advances and construction work in progress	TOTAL
Balance as at 1 January 2022	**14,593**	**13,739**	**279,762**	**3,924**	**5,781**	**72**	**317,871**
Additions	904	1,406	43,124	129	331	172	46,066
Disposals	(4,628)	(1,785)	(29,176)	(93)	(358)	-	(36,040)
Additions to the scope of consolidation	-	26	15,337	176	271	-	15,810
Translation differences	-	405	1,121	13	20	5	1,564
Transfers	-	39	(4,014)	28	3	(70)	(4,014)
Balance as at 31 December 2022	**10,869**	**13,830**	**306,154**	**4,177**	**6,048**	**179**	**341,257**
Additions	1,659	592	54,500	298	331	7,973	65,353
Disposals	(935)	(20)	(31,331)	(15)	(630)	-	(32,931)
Additions to the scope of consolidation	-	1,785	27,969	551	693	1,065	32,063
Translation differences	(2)	7	(1,395)	57	(53)	-	(1,386)
Transfers	-	-	2,073	-	-	(352)	1,721
Balance as at 31 December 2023	**11,591**	**16,194**	**357,970**	**5,068**	**6,389**	**8,865**	**406,077**

Expressed in thousands of euros

	Thousands of euros						
DEPRECIATION AND ACCUMULATED IMPAIRMENT LOSSES	**Land and buildings**	**Equipment**	**Machinery**	**Furniture and fixtures**	**Other fixed assets**	**Advances and construction work in progress**	**TOTAL**
Balance as at 1 January 2022	**(6,601)**	**(10,619)**	**(147,834)**	**(3,573)**	**(4,975)**	**-**	**(173,602)**
Additions	(593)	(742)	(22,870)	(157)	(236)	-	(24,598)
Impairment	-	-	-	-	-	-	-
Disposals	1,545	743	23,140	87	321	-	25,836
Translation differences	-	(42)	(1,176)	(10)	(19)	-	(1,247)
Transfers	-	37	(3,391)	(39)	2	-	(3,391)
Balance as at 31 December 2022	**(5,649)**	**(10,623)**	**(152,131)**	**(3,692)**	**(4,907)**	**-**	**(177,002)**
Additions	(589)	(628)	(28,728)	(198)	(501)	-	(30,644)
Impairment	-	-	(148)	-	-	-	(148)
Disposals	935	20	22,888	15	574	-	24,432
Translation differences	-	(14)	1,296	(7)	45	-	1,320
Transfers	-	-	(5,734)	-	-	-	(5,734)
Balance as at 31 December 2023	**(5,303)**	**(11,245)**	**(162,557)**	**(3,882)**	**(4,789)**	**-**	**(187,776)**
TOTAL 2022	**5,220**	**3,207**	**154,023**	**485**	**1,141**	**179**	**164,255**
TOTAL 2023	**6,288**	**4,949**	**195,413**	**1,186**	**1,600**	**8,865**	**218,301**

Expressed in thousands of euros

Additions to fixed assets recognised in 2023 include 44,421,000 euros relating to operating investments in machinery (35,611,000 euros in 2022) (Note 5), of which 17,967,000 euros (11,899,000 euros in 2022) relate to machinery acquired for sale under repurchase agreements, in which control of the asset has not been transferred. The remaining additions to fixed assets mainly consist of the capitalised refurbishment of fixed assets in use. Additions through capitalisations amounted to 10,079,000 euros (8,019,000 euros as at 31 December 2022) and are recognised under "Other revenue" in the consolidated income statement. The amounts under "Other revenue" in the consolidated income statement mainly relate to capitalisations.

Transfers mainly comprise reclassifications from "Rights of use" for operating investments financed through finance leases that have been terminated during the year, amounting to 15,888,000 euros (10,129,000 euros as at 31 December 2022), and reclassifications from "Machinery" to "Rights of use" amounting to 14,167,000 euros (12,639,000 euros as at 31 December 2022) in respect of machinery that is acquired directly from suppliers for which the Group is the distributor, and which after a period of time is financed through finance leases.

As at 31 December 2023, disposals include reclassifications to inventory of used machinery held for sale for a net book value of 5,997,000 euros (3,277,000 euros as at 31 December 2022), with the remaining disposals corresponding to retirements, including disposals of replaced machinery components for a net book value of 2,160,000 euros (3,302,000 euros in 2022), and disposals of fully depreciated items.

It is the Company's policy to take out any insurance policies deemed necessary to cover the risks to which its property, plant and equipment may be exposed.

In addition, security interests have been pledged on the machines as collateral for the syndicated loan and as collateral for the loan with the European Investment Bank (Note 17).

As at 31 December 2023, based on the criteria described in Note 2,5, the gross amount and net book value of property, plant and equipment with a residual value stand at approximately 594 million euros and 304 million euros, respectively (354 and 200 million euros as at 31 December 2022).

The cost of fully depreciated property, plant and equipment and fully amortised intangible assets as at 31 December 2023 stands at 106,733,000 euros (103,560,000 euros in 2022).

As at 31 December 2023, the Group has investments in property, plant and equipment abroad with a net value of 63 million euros (49 million euros in 2022), broken down by country as follows:

	Millions of euros	
COUNTRY	**2,023**	**2,022**
Mexico	11	8
Peru	2	2
Portugal	21	19
Chile	13	12
Other countries	16	8
	63	**49**

Expressed in thousands of euros

Impairment testing of property, plant and equipment

An assessment of the impairment indicators described in Note 4,1 (e) in 2023 showed that there was no need to determine the recoverable amount of property, plant and equipment at CGU level.

The key assumptions used to calculate the recoverable amounts of assets and the carrying amount of non-current assets are as detailed in Note 8 (Goodwill).

Additionally, in 2023 and 2023, at a lower level than the CGUs, the Group determined that there was no impairment at machine-family level.

8 Goodwill and other intangible assets

COST	Good-will	Other intangible assets	Total
Balance as at 1 January 2022	**126,657**	**12,960**	**139,617**
Additions	-	1,034	1,034
Additions to the scope of consolidation	4,883	2,073	6,956
Disposals	-	(135)	(135)
Balance as at 31 December 2022	**131,540**	**15,932**	**147,472**
Additions	653	1,134	1,787
Additions to the scope of consolidation	2,510	1,943	4,453
Disposals	-	(41)	(41)
Translation differences	-	(46)	(46)
Balance as at 31 December 2023	**134,703**	**18,922**	**153,625**

Expressed in thousands of euros

AMORTISATION AND ACCUMULATED IMPAIRMENT LOSSES	Good-will	Other intangible assets	Total
Balance as at 1 January 2022	**(106,178)**	**(7,913)**	**(114,091)**
Additions	-	(2,323)	(2,323)
Disposals	-	16	16
Balance as at 31 December 2022	**(106,178)**	**(10,220)**	**(116,398)**
Additions	-	(2,614)	(2,614)
Disposals	-	38	38
Translation differences	-	40	40
Balance as at 31 December 2023	**(106,178)**	**(12,756)**	**(118,934)**
Total 2022	**25,362**	**5,712**	**31,074**
Total 2023	**28,525**	**6,166**	**34,691**

Additions to goodwill in 2023, amounting to 2,511,000 euros, arose from the acquisition of Carretillas Mayor, Ozmaq S.A de C.V. and the remaining 50% of GAM Arabia Company Limited, and the recognition of the Grupo Dynamo Hispaman, S.L. business combination, all of which is detailed in Note 6. Additionally, other intangible assets amounting to 1,943,000 euros include the distribution agreements and portfolio of customers' rental and maintenance contracts from the acquired companies.

Additions to goodwill in 2022, amounting to 4,883,000 euros, arose from the acquisition of the Intercarretillas and Interplataformas business lines, and the acquisition of the company Grupo Dynamo Hispaman, S.L. Moreover, other intangible assets amounting to 2,073,000 euros include the distribution agreements and portfolio of customers' rental and maintenance contracts from the acquired companies.

Goodwill impairment testing

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGU), or groups of cash-generating units, that are expected to derive benefits from the synergies of the combination. The goodwill recognised by the Group as at 31 December 2023 has been allocated on the basis of the CGUs receiving the machinery acquired in the business combinations that gave rise to the goodwill.

The goodwill included in each segment as at 31 December 2023 is as follows:

Amount in thousands of euros	Spain	Portugal	LATAM	Morocco	TOTAL
As at 31 December 2023	10,817	7,150	9,285	1,273	28,525
As at 31 December 2022	8,527	7,150	8,412	1,273	25,362

The amount of 1,638,000 euros, recorded as new goodwill in 2023 (Note 6) due to the acquisition of Carretillas Mayor, is allocated to the Spain segment and has been included in the Group's current operations in Spain.

The amount of 873,000 euros, recorded as new goodwill in 2023 (Note 6) due to the acquisition of Ozmaq S.A de C.V, is allocated to the LATAM segment and has been included in the Group's current international operations.

The amount of 4,883,000 euros, recorded as new goodwill in 2022 (Note 6), is allocated to the Spain segment, as the aforementioned business line and acquired company have been included in the Group's current operations in Spain.

In both cases, the Group expects that once the machinery acquired from the various acquisitions has been added to the Group's fleet of machines, sufficient cash flows can be generated to recover the excess price paid, and, additionally, several synergies have been identified between the acquired companies and business lines and the Group's current business in Spain and Portugal, which will help to increase sales and improve margins, including the commercial, operational and administrative use of the Group's network of outlets.

Additionally, within domestic goodwill, an amount of 242,000 euros has been allocated to a group of assets related to the acquisition of the business line of the company Manutenciones del Miño, S.L., which was acquired in 2018.

Key assumptions used to calculate the recoverable amount of goodwill

Goodwill impairment is measured by determining the recoverable amount of the cash-generating unit or group of cash-generating units to which the goodwill relates. If the recoverable amount of the cash-generating unit or group of cash-generating units is less than their carrying amount, the Group recognises an impairment loss.

The CGUs or groups of CGUs to which goodwill is allocated are never larger than the segments described in Note 6.

The CGUs are in the countries Spain, Portugal, Morocco, Chile, Peru, Colombia, Mexico, Panama and the Dominican Republic. And the groups of CGUs to which the goodwill is allocated are Spain, Portugal, Morocco and Latam. In the case of the goodwill allocated to Latam, this is assigned to the group of CGUs comprising Chile, Peru, Colombia, Mexico, Panama and the Dominican Republic.

For those groups of CGUs that have been allocated goodwill, this has been included in the value of net fixed assets.

To calculate goodwill impairment, the Group performs a recoverability test at least once a year. No impairment of goodwill occurred in 2023.

In this respect, the carrying amount of each CGU has been measured in the same way as its recoverable amount. Assets that can be directly attributed, or allocated on a reasonable and consistent basis, to each CGU and which generate the future cash inflows used to measure the value in use of the CGU are included, and recognised liabilities are not included. Specifically, the carrying amount of each CGU consists mainly of net operating fixed assets and goodwill.

The recoverable amount is measured as the higher of value in use and fair value less costs to sell. The Company measures fair value using two methods: market value less costs to sell, or using the discounted cash flow method based on the figures in the Business Plan approved by the Board of Directors, which are adjusted by the Company's Management according to the Group's financial position, if there are or are expected to be substantial deviations from the Plan.

When the fair value less costs to sell of CGUs or groups of CGUs is higher than the carrying amount, the Group does not consider it necessary to measure the value in use.

To calculate the market value less estimated costs to sell, the Group uses historical selling and purchase price figures for new and used machinery transactions, which it adjusts for age, expected useful life and other technical characteristics to determine the market cost of each individual machine.

A sensitivity analysis has been carried out on the basis of market price variations of up to 1%, since, based on the historical data on the company's machine fleet, this is the average variation in the replacement cost value of the machines in the fleet over the last few years.

A 1% decrease in the fair value of the machinery would result in a decrease in the recoverable amount, but would not result in the recoverable amount being lower than the net book value of the assets under analysis.

To calculate the fair value less costs to sell using the discounted cash flow method based on the figures in the 2022-2026 Business Plan approved by the Board of Directors, the cash flows for 2024 are adjusted in line with those obtained from the Group's budget approved for that year. For 2025 and 2026, the individual business plans of the companies acquired subsequent to the approval of the initial Business Plan are added and, for 2027-2028, the 2026 figures are projected with growth in line with the 2022-2026 Business Plan. The most sensitive items included in the projections used are the EBITDA, the discount rate and the "g" growth rate in perpetuity.

In 2023, the recoverable amount of the Spain, Portugal and Morocco segments was calculated using the discounted cash flow method described above. The recoverable amount of the Latam segment was calculated by adding the recoverable amount of its component CGUs, which were determined using the discounted cash flow method (Peru, Mexico, Panama and Dominican Republic CGUs) and the fair value less costs to sell method (Chile and Colombia CGUs).

Expressed in thousands of euros

In 2022, the recoverable amount of the Spain segment's net operating assets and goodwill was calculated using the fair value less costs to sell method. The recoverable amount of the Portugal and Morocco segments were calculated using the discounted cash flow method described above. The recoverable amount of the Latam segment was calculated by adding together the recoverable amounts of its component CGUs, which were measured using the discounted cash flow method (Peru, Mexico, Panama and the Dominican Republic CGUs) and the market value less costs to sell method (Chile and Colombia CGUs).

The key assumptions used in 2023 when applying the discounted cash flow method based on figures in the Business Plan approved by the Board of Directors are as follows:

	Spain	Portugal	LATAM	MOROCCO
Ebitda (% of average sales for the 5-year period excluding terminal value)	26%	39%	24% - 43%	38%
After-tax discount rate	10%	10%	13% - 16%	12%
"G" growth rate in perpetuity	2%	2%	2% - 5%	2%

In 2022 the assumptions used were as follows:

	Spain	Portugal	LATAM	MOROCCO
Ebitda (% of average sales for the 5-year period excluding terminal value)	27%	39%	28% - 41%	37%
After-tax discount rate	10%	10%	11% - 16%	11%
"G" growth rate in perpetuity	2%	2%	2% - 6%	2%

EBITDA is an approximate measure of operating cash flow and therefore determines the Group's capacity to make investments in the following year, thereby determining future projections. The Management has calculated budgeted revenue and EBITDA based on its best estimates of the outlook for the sector in the coming years. These estimates are based on the 2022-2026 Business Plan approved by the Board of Directors, with cash flows for 2024 being adjusted in line with the figures in the Group's approved budget for that year. For 2025 and 2026, the individual business plans of the companies acquired subsequent to the approval of the initial Business Plan are added and, for 2027-2028, the figures for 2026 are projected with growth in line with the 2022-2026 Business Plan.

As regards the discount rate, it takes into account the fact that the financing operations are carried out centrally, with the Parent Company managing the Group's cash position, as well as other factors related to the particular situation in each country in which the Group operates, where different risk premiums arise.

Expressed in thousands of euros

The after-tax discount rate has been calculated on the basis of past experience and based on external sources of information. The Company has determined the "g" growth rate in perpetuity for the projections made in 2023 by taking into account various economic indicators such as inflation or the GDP deflator.

The Group's Management performs a sensitivity analysis of the key assumptions to ensure that any reasonably possible changes in these assumptions will have no impact on the recovery of the carrying amounts of the group of CGUs to which international goodwill is allocated:

- A 3% reduction in the EBITDA figures assumed for all years analysed would result in a decrease in the recoverable amount, but would not result in the recoverable amount being lower than the net book value of the assets under analysis.

- A 100 basis point increase in the weighted average cost of capital (WACC) would result in a decrease in the recoverable amount, but would not result in the recoverable amount being lower than the net book value of the assets being analysed.

- A 100 basis point decrease in the perpetuity growth rate would result in a decrease in the recoverable amount, but would not result in the recoverable amount being lower than the net book value of the assets being analysed.

The amount by which the value assigned to each key assumption must change in order for the recoverable amount to be equal to the carrying amount of the segment in the 2023 impairment calculation after factoring all the effects of that change into the recoverable amount, on a stand-alone basis, is shown below:

	Spain	Portugal	LATAM	MOROCCO
Ebitda (% of average sales for the 5-year period excluding terminal value)	-45%	-23%	Between -2% & -41%	-2%
After-tax discount rate	6%	7%	Between 1% & 50%	0,20%
"G" growth rate in perpetuity	-12%	-17%	Between -1,5% & -50%	-1%

The amount by which the value assigned to each key assumption must change in order for the recoverable amount to be equal to the carrying amount of the segment in the 2022 impairment calculation after factoring all the effects of that change into the recoverable amount, on a stand-alone basis, is shown below:

	Portugal	LATAM	MOROCCO
Ebitda (% of average sales for the 5-year period excluding terminal value)	-26%	Between -26% & -41%	-3%

Expressed in thousands of euros

After-tax discount rate	6%	Between 6% & 30%	0,44%
"G" growth rate in perpetuity	-11%	Between -12% & -50%	-0,4%

9 Financial instruments by category

The breakdown of financial assets and liabilities by category, as at 31 December 2023, is as follows:

ASSETS ON BALANCE SHEET (thousands of euros)	**Loans and receivables**	**Total**
Trade and other receivables (Note 10)	76,221	76,221
Other financial assets	2,205	2,205
Other current and non-current assets	6,174	6,174
	84,600	**84,600**

LIABILITIES ON BALANCE SHEET (thousands of euros)	**Financial liabilities at amortised cost**	**Total**
Borrowings and other financial liabilities (Note 17)	177,691	177,691
Bond issues and other marketable securities (Note 17)	46,948	46,948
Lease liabilities (Note 16)	112,307	112,307
Contract liabilities from contracts with customers (Note 18)	21,428	21,428
Trade and other payables (Note 15)	68,069	68,069
	426,443	**426,443**

The breakdown of financial assets and liabilities by category, as at 31 December 2022, is as follows:

Expressed in thousands of euros

ASSETS ON BALANCE SHEET (thousands of euros)	Loans and receivables	Total
Trade and other receivables (Note 10)	58,654	58,654
Other financial assets (Note 11)	4,624	4,624
Other current and non-current assets	1,985	1,985
	65,263	**65,263**

LIABILITIES ON BALANCE SHEET (thousands of euros)	Financial liabilities at amortised cost	Total
Borrowings and other financial liabilities (Note 17)	148,565	148,565
Bond issues and other marketable securities (Note 17)	52,043	52,043
Lease liabilities (Note 16)	83,026	83,026
Contract liabilities from contracts with customers (Note 18)	16,057	16,057
Trade and other payables (Note 15)	50,299	50,299
	349,990	**349,990**

The fair value of the assets and liabilities does not differ significantly from their carrying amount.

10 Trade and other receivables

The breakdown is as follows:

	Thousands of euros	
	2,023	**2,022**
Customer accounts receivable	84,107	64,734
Public authorities	2,450	1,483
Other receivables	756	2,663
Receivables from group companies and associates	1	1,360
Impairment losses	(11,093)	(11,586)
	76,221	**58,654**

The breakdown of impairment losses during the year is as follows:

	Thousands of euros	
	2,023	**2,022**
Balance as at 1 January	**(11,586)**	**(11,364)**
Provisions for the year	(1,373)	(910)
Applications	939	549
Reversal of provisions	764	136
Other movements	163	3
Balance as at 31 December	**(11,093)**	**(11,586)**

Expressed in thousands of euros

The provisions for the year and reversals of provisions are recorded in the consolidated income statement under "Other expenses" (Note 24).

Customer accounts receivable include discounted bills in financial institutions, maturing on 31 December 2023, amounting to 7,261,000 euros (5,980,000 euros in 2022) (Note 17).

As at 31 December, the Group has secured non-recourse factoring facilities for an amount of 15,000,000 euros (15,200,000 euros as at 31 December 2022), of which it has drawn down 9,586,000 euros (8,545,000 euros as at 31 December 2022).

The GAM Group considers financial assets as non-performing when their due date has passed and no consideration has been received from the debtor. In the specific case of "Trade and other receivables", as at 31 December, the amount in arrears for which the Group had not recognised any impairment losses other than those calculated based on expected loss (Note 3,2) amounted to approximately 10,415,000 euro (11,065,000 euro as at 31 December). However, as at 31 December 2023 approximately 60% of these balances (66% as at 31 December 2022) are covered by insurance contracts with leading companies, which guarantees that they will be recovered.

In addition, taking into account the Group's past experience and the specific circumstances of its customers, the Group does not strictly consider the aforementioned balance of 10,415,000 euros (11,065,000 euros in 2022) for all invoices that are overdue by up to 60 days to be in arrears. This amount totals 5,767,000 euros as at 31 December (6,981,000 euros in 2022).

An ageing analysis of the 4,648,000 euros (4,084,000 euros in 2022) of non-performing financial assets overdue by more than 60 days and not impaired as at 31 December 2023 and 2022 is shown below:

	Thousands of euros	
	2,023	**2,022**
Between 60 & 120 days	3,055	1,834
Between 120 & 180 days	1,238	2,111
Over 180 days	355	139
	4,648	**4,084**

Of the total balance overdue for more than 180 days, there are no notes receivable or balances covered by credit insurance as at 31 December 2023 and 2022, and therefore they have been impaired. For the remaining debt, the Group has reasonable expectations of collecting them, and therefore they have not been impaired.

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

The group assesses expected losses on trade receivables each year using a model based on past defaults in each of its debt tranches and on the credit risk of the customers.

The analysis did not reveal a significant increase in expected losses.

The balance sheet carrying amount of "Trade and other receivables" originally denominated in currencies other than the euro, which have been translated in these consolidated financial statements into the presentation currency (euro) as at 31 December 2023 and 2022 (expressed in thousands of euro), is as follows:

	Thousands of euros	
	2,023	**2,022**
Mexican peso	4,986	3,040
Peruvian nuevo sol	819	915
US dollar	-	63
Colombian peso	71	76
Moroccan dirham	5,310	3,747
Chilean peso	2,856	512
Dominican peso	499	935
	14,541	**9,288**

The ageing of trade receivables, based on their due dates, is detailed in Note 3.

11 Other non-current financial assets

COST	**Loans to group companies**	**Deposits and bonds**	**Others**	**Total**
Balance as at 1 January 2022	**2,448**	**1,251**	**833**	**4,532**
Additions	-	-	680	680
Disposals	-	(588)	-	(588)
Balance as at 31 December 2022	**2,448**	**663**	**1,513**	**4,624**
Additions	-	375		375
Disposals	(2,448)	(89)	(257)	(2,794)
Balance as at 31 December 2023	**-**	**949**	**1,256**	**2,205**

"Deposits and bonds" mainly relate to the buildings in which the Group operates, which are leased, as well as deposits pledged as collateral provided by the Group.

The amount recognised under "Loans to group companies" as at 31 December 2022 was the amount outstanding between Group companies accounted for using the equity method, which had been reclassified to non-current as specified in Note 14. In 2023, the GAM Group obtained control of the relevant company, which is now accounted for using the full consolidation method and, therefore, this balance was eliminated.

Expressed in thousands of euros

As at 31 December 2023 and 2022, the fair value of all assets is similar to their carrying amount.

The maximum exposure to credit risk at the reporting date is the carrying amount of these financial assets.

12 Inventory

The breakdown of inventory as at 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	2,023	**2,022**
Spare parts and fuel	12,629	10,666
Machinery held for sale	19,020	26,669
Advances to suppliers	750	676
Impairment	(6,286)	(5,464)
	26,113	**32,547**

Inventory usage recognised as an expense and included under "Spare parts" (Note 23) amounts to 20,374,000 euros in 2023 (13,825,000 euros in 2022).

During the year, the Company reclassified used machinery held for sale to inventory in the amount of 5,997,000 euros (3,277,000 euros in 2022) (Note 7).

There are no restrictions on the availability of inventory due to factors such as collateral, pledges or guarantees.

13 Cash and cash equivalents

The entire cash balance comprises bank accounts, cash on hand and short-term deposits, initially arranged for a period of less than 3 months.

These bank accounts were not interest-bearing during 2023 and 2022.

As at 31 December 2023 and 2022, there are no restrictions on the availability of the Company's cash and cash equivalents.

Expressed in thousands of euros

14 Equity

a) Share capital, share premium and treasury shares

	Capital	Share premium	Total
AS AT 1 JANUARY 2022	**94,608**	**58,476**	**153,084**
Capital increase	-	-	-
Disposals	-	-	-
BALANCE AS AT 31 DECEMBER 2022	**94,608**	**58,476**	**153,084**
Capital increase	-	-	-
Disposals	-	-	-
BALANCE AS AT 31 DECEMBER 2023	**94,608**	**58,476**	**153,084**

As at 31 December 2023 and 2022, the share capital of the company amounted to 94,608,000 euros, comprising 94,608,106 fully paid-up and subscribed shares each with a face value of 1 euro.

Ownership interest

According to the notifications received by the Company in accordance with the provisions of the current regulations on the obligation to disclose ownership interests, the significant shareholders as at 31 December 2023 and 2022 are as follows:

	Ownership interest		
2023	**% direct**	**% indirect**	**Total**
Banco Santander, S.A.	4.48%	-	4.48%
Indumenta Pueri, S.L.[1]	-	10.56%	10.56%
Pedro Luis Fernández Pérez[2]	0.22%	5.84%	6.06%
Francisco J. Riberas Mera[3]	-	43.24%	43.24%
Francisco J. Riberas López[4]	-	5.00%	5.00%
Mónica Riberas López[5]	-	5.00%	5.00%
Patricia Riberas López[5]	-	5.00%	5.00%

[1] Indumenta Pueri, S.L. holds shares through the companies Willmington Capital, S.L. and Global Portfolio Investments, S.L.
[2] Pedro Luis Fernández Pérez holds shares through the company Uno de Febrero, S.L.
[3] Francisco J. Riberas Mera holds shares through the company Orilla Asset Management, S.L.
[4] Francisco J. Riberas López holds shares through the company Inversiones en Tecnología y Desarrollo, S.L.
[5] Mónica J. Riberas López holds shares through the company Artestha Gestión de Inversiones, S.L.
[6] Patricia J. Riberas López holds shares through the company Ryoku Inversiones e Iniciativas, S.L.

b) Share premium

This reserve is not freely distributable due to accumulated losses.

Additionally, due to the obligations assumed with respect to the financial institutions that signed the financial restructuring agreement, GAM will not be able to pay dividends during the term of the loan agreement signed on 31 March 2015 and novated on 17 December 2020, and then subsequently on 29 November 2022 (Note 17), unless the following conditions are met:

- there are no amounts due under Tranche B, i.e. the amount of Tranche B is fully settled;
- no Early Maturity Event has occurred, nor will an Early Maturity Event occur as a result of the dividend payout;
- in accordance with the latest Compliance Certificate provided, the Net Financial Debt-to-EBITDA Ratio is equal to or less than 3x at the time the dividend payout is agreed and after the dividend payout has been made;
- once the dividend payout has been made, the Obligors must continue to hold cash at least equivalent to the Minimum Cash Balance, which is set at 15,000,000 euros.

Additionally, with regard to the bond issue, the Basic Information Document for the listing of securities on the Alternative Fixed-Income Market and the loan agreement signed with the European Investment Bank in 2022, make dividend payouts conditional on achieving certain financial ratios during the life of the contract, namely:

- the Net Financial Debt-to-EBITDA Ratio is equal to or below the levels set out in Note 17.

c) Treasury shares

On 24 May 2022, the Parent Company's Annual General Meeting agreed to authorise the acquisition of a maximum number of treasury shares provided that when combined with those already held by the Parent Company or its subsidiaries they did not exceed 10% of the Parent Company's share capital; at a minimum price not lower than their face value and at a maximum price not exceeding 120% of their market value at the acquisition date; the authorisation was granted for a period of 18 months from the date the resolution was passed. As at 31 December 2023, the GAM Group holds 475,000 euros in treasury shares on its balance sheet, recorded as a reduction of equity (49,000 as at 31 December 2022).

d) Share option scheme. Transactions with share-based payments

2018 extraordinary variable remuneration scheme

On 27 July 2018, the Parent Company's Extraordinary General Meeting approved an extraordinary variable remuneration scheme for Group directors linked to the value of the GAM shares transferred by some of their holders. The details of the scheme are explained in Note 2,18 c).

No such amounts accrued in 2023 and 2022.

Expressed in thousands of euros

2015 extraordinary variable remuneration scheme

On 16 December 2015, the Parent Company's Extraordinary General Meeting approved an extraordinary variable remuneration scheme for Group directors linked to the value of the GAM shares at various points in time up to March 2022. The details of the scheme are explained in Note 2,18 c).

At year-end 2023, in compliance with IFRS 2, the Group recognised an amount of 4,311,000 euros (4,311,000 euros as at 31 December 2022) in equity, for the accrued rights derived from continuing both schemes as at 31 December 2023. The balancing entry of this credit to equity was a charge to staff costs (Note 25).

e) Reserves and accumulated losses

There follows a breakdown of movements in reserves and accumulated losses:

	Thousands of euros			
	Legal reserve	Other reserves	Profit (loss) for the year	Total
AS AT 1 JANUARY 2022	**3,521**	**(76,803)**	**2,631**	**(70,651)**
Distribution of profit for 2021	486	2,145	(2,631)	-
Other movements	5,569	(5,318)	-	251
Profit for 2022	-	-	7,660	7,660
BALANCE AS AT 31 DECEMBER 2022	**9,576**	**(79,976)**	**7,660**	**(62,740)**
Distribution of profit for 2022	1,090	6,570	(7,660)	-
Other movements	-	(16)	-	(16)
Profit for 2023	-	-	9,069	9,069
BALANCE AS AT 31 DECEMBER 2023	**10,666**	**(73,422)**	**9,069**	**(53,687)**

Legal reserve

This heading includes the Parent Company's legal reserve, which as at 31 December 2023 amounts to 10,666,000 euros (9,576,000 euros as at 31 December 2022) and has been appropriated in accordance with Article 274 of the Consolidated Text of the Spanish Corporations Act, which stipulates that, in all events, an amount equal to 10% of the profit for the year must be appropriated until it reaches at least 20% of the share capital.

The Legal Reserve cannot be distributed and if it is used to offset losses, when there are not sufficient other reserves available for that purpose, it must be restored from future profits.

Other reserves

"Other reserves" consist of unused losses from previous years, reserves related to the share-based payment scheme (Note 14.d), gains (losses) on treasury share transactions, the equity conversion component of convertible bonds issued and translation differences.

Expressed in thousands of euros

Distribution/allocation of the Parent Company's profit

The proposed distribution of the parent company's profit for the year to be submitted to the Annual General Meeting, and the allocation of profit for the year, are as follows:

	Thousands of euros	
	2,023	**2,022**
DISTRIBUTABLE PROFIT		
Accumulated losses		-
Profit (loss) for the year	5,615	10,904
		-
Legal reserve	561,5	1090
Accumulated losses	5,054	9,814
	5,615	**10,904**

f) Translation differences

As indicated in Note 3,1(d), several Group companies have long-term loans or receivables in euros with other Group companies that are foreign operations.

A portion of these loans have been treated as part of the entity's net investment in those foreign operations.

Accordingly, General de Alquiler de Maquinaria, S.A. and Grupo Internacional de Inversiones en Maquinaria, S.A.U. have entered into long-term loans receivable from other subsidiaries amounting to 7,800,000 euros and 15,461,000 euros, respectively. Any exchange differences that arise on the monetary items comprising the entity's net investment in foreign operations are recognised in profit or loss in the separate financial statements of the foreign operation (IAS 21).

In the consolidated financial statements, these cumulative exchange gains of 1,264,000 euros in 2023 (cumulative gains of 235,000 euros as at 31 December 2022) are initially recognised in consolidated other comprehensive income and will be reclassified from equity to profit or loss when the foreign operation is disposed of.

g) Non-controlling interests

In 2023 and 2022, movements in non-controlling interests and profit (loss) attributable to minority interests were as follows:

Expressed in thousands of euros

	Thousands of euros
AS AT 1 JANUARY 2022	**420**
Changes in the scope of consolidation	3,412
Profit (loss) attributable to minority interests	207
BALANCE AS AT 31 DECEMBER 2022	**4,039**
Changes in the scope of consolidation	(1,935)
Profit (loss) attributable to minority interests	(25)
BALANCE AS AT 31 DECEMBER 2023	**2,079**

The changes in non-controlling interests in 2023 mainly stem from the reclassification of the put option granted to Ade Gestión Sodical Sgecr S A in relation to the 40% stake it holds in GAM Circular Process S.L as the Group currently has access to returns on the shareholding.

15 Trade and other payables

As at 31 December 2023 and 2022, they break down as follows:

	Thousands of euros	
	2,023	**2,022**
Trade payables	49,374	31,912
Other payables	18,694	18,387
	68,069	**50,299**

The fair value of all items recorded under "Trade and other payables" is the same as their carrying amount.

a) <u>Information on deferred payments to suppliers. Additional Provision 3 "Duty of disclosure" of Act 15/2010, of 5 July</u>

The information required by Additional Provision Three of Act 15/2010, of 5 July, prepared in accordance with the Resolution of the Spanish Accounting and Auditing Institute (ICAC) of 29 January 2016, on the information that must be disclosed in notes to financial statements regarding average payment periods to suppliers for trading operations in Spain, is set out below.

The information required is detailed below:

Expressed in thousands of euros

	2,023	2,022
Average payment period to suppliers (days)	**76**	**69**
Ratio of transactions paid (days)	73	79
Ratio of transactions outstanding (days)	88	58
Total payments made (thousands of euros)	154,097	130,657
Total payments outstanding (thousands of euros)	29,833	28,184

Details of invoices paid within a period shorter than the maximum period stipulated in the late payment regulations:

	2,023	2,022
Monetary amount paid in euros (thousands of euros)	77,132	89,116
Percentage share of total monetary payments to suppliers	53%	68%
Number of invoices paid	62,769	54,675
Percentage share of total number of supplier invoices paid	71%	68%

For the sole purpose of providing the information stipulated in this Resolution, trade payables for debts with suppliers of goods or services, included under the headings "Suppliers", "Suppliers, group companies and associates" and "Sundry accounts payable" on the current liabilities side of the balance sheet, are classified as suppliers.

Expressed in thousands of euros

16 Right-of-use assets and lease liabilities

a) Right-of-use assets

The breakdown of movements in right-of-use assets, by type, as at 2023, is as follows:

	Thousands of euros			
COST	**Industrial units and flats**	**Vehicles**	**Machinery**	**TOTAL**
Balance as at 1 January 2022	**39,724**	**6,002**	**69,465**	**115,191**
Additions	8,127	984	18,168	27,279
Disposals	(3,804)	(258)	-	(4,062)
Transfers	-	-	2,519	2,519
Translation differences	360	78	-	438
Balance as at 31 December 2022	**44,407**	**6,806**	**90,152**	**141,365**
Additions	2,036	593	31,385	34,014
Additions to the scope of consolidation	3,236	-	11,570	14,806
Disposals	(3,249)	(240)	(70)	(3,559)
Transfers	-	-	(1,721)	(1,721)
Translation differences	53	48	0,00	101
Balance as at 31 December 2023	**46,483**	**7,207**	**131,316**	**185,006**

Expressed in thousands of euros

	Thousands of euros			
ACCUMULATED DEPRECIATION	**Industrial units and flats**	**Vehicles**	**Machinery**	**TOTAL**
Balance as at 1 January 2022	**(24,929)**	**(3,534)**	**(12,483)**	**(40,946)**
Additions	(4,760)	(1,479)	(8,063)	(14,302)
Disposals	2,252	197	-	2,449
Transfers	-	-	3,391	3,391
Translation differences	(244)	(32)	-	(276)
Balance as at 31 December 2022	**(27,681)**	**(4,848)**	**(17,155)**	**(49,684)**
Additions	(5,238)	(1,271)	(9,679)	(16,188)
Disposals	1,073	198	-	1,271
Transfers	-	-	5,734	5,734
Translation differences	(13)	(27)	-	(40)
Balance as at 31 December 2023	**(31,859)**	**(5,948)**	**(21,100)**	**(58,907)**
Net book value as at 31 December 2022	**16,726**	**1,958**	**72,997**	**91,681**
Net book value as at 31 December 2023	**14,624**	**1,259**	**110,216**	**126,099**

Transfers are as described in Note 7.

All right-of-use assets under "Machinery" refer to assets financed by financial institutions through lease agreements. In these cases, the term of the lease and the interest rate are as defined in the agreements. The Company expects the purchase option to be exercised at the end of the lease term. When the purchase option is exercised, the rights of use are transferred to "Property, plant and equipment".

In the case of industrial units, flats and vehicles, the main assumptions used by the Group were the average incremental rate of between 3,5% and 4,5%, and the estimated lease term, based on the non-cancellable period plus the periods covered by renewal options whose exercise is at the discretion of the Group and which it believes to be reasonably certain.

In the case of vehicles, the term applied is the term established in the agreement itself, since at the end of the agreements, the Company never renews or extends them, but signs a new agreement, either for a new vehicle or for the same vehicle, but with substantially different conditions (generally a lower price).

The Group carries out a large proportion of its operations in properties and facilities leased from third parties. In the case of industrial units and flats, in the agreements in force as at 1 January 2019, the Company has estimated a minimum lease term of 5 and 3 additional years, respectively, based on past periods of occupancy in each leased industrial unit and flat, unless the agreement stipulates a longer term, in which case it has been assumed that the term defined in the agreement will be met. Lease agreements for industrial units and flats have renewal and termination options. Renewal options are granted in order to take advantage of the site where the business has performed satisfactorily. Cancellation options generally require the Group to pay the minimum agreed lease payments outstanding during the residual term. For new additions, the Company estimates a minimum length of occupancy of 5 and 3 years based on past periods of occupancy, unless the term of the agreement is longer, in which case a longer term is established based on the Group's expectations and existing termination options, and there is no reasonable certainty about terms with longer renewal options, which are mainly based on assessments of the price of the leases, improvements made and the location of the industrial units and flats.

Expressed in thousands of euros

On 31 December 2023 the Group assessed whether there had been significant events on the basis of which the right-of-use assets ought to be remeasured, and remeasurements were recorded as shown in paragraph d).

Variable lease payments are indexed to the CPI.

The Group also has short-term lease agreements and asset lease agreements with an individual value of less than 5,000 euros, for which a lease expense of 2,141,000 euros (1,481,000 euros in 2022) has been recorded under "Other operating expenses".

The Group has no residual value guarantees on lease agreements and no obligation to restore or decommission rights-of-use assets.

The Group tests recognised right-of-use assets for impairment in accordance with IAS 36. Right-of-use assets do not generate cash inflows that are separate from those produced by other assets, so the Group identifies the CGU to which those right-of-use assets belong in order to include them in the CGU and test them for impairment against the recoverable amount of the unit as described in Note 7. No evidence of impairment was identified for any CGU in 2023.

b) Lease liabilities

Breakdown of lease agreements by asset class and significant amounts:

	Thousands of euros			
	31,12,2023		31,12,2022	
	Current	Non-current	Current	Non-current
Lease liabilities				
Industrial units and flats	5,926	10,841	4,597	13,957
Vehicles	850	859	549	760
Machinery	**27,935**	**65,897**	**18,243**	**44,919**
Total lease liabilities	**34,711**	**77,597**	**23,389**	**59,636**

In accordance with IFRS 16, debts arising from existing lease agreements, with the exception of intangible assets, short-term leases (lease term of less than 12 months) and leases of individual low-value assets, are recognised under this heading.

Expressed in thousands of euros

As at 31 December 2023, the lease liabilities and related finance charges are expected to be settled according to the following schedule:

31,12,23 (thousands of euros)	2,024	2,025	2,026	2,027	2028 and onwards	Total
Net present value	34,711	25,670	20,934	13,239	17,754	**112,308**
Finance charge	4,479	3,120	2,036	1,202	1,093	**11,930**

As at 31 December 2022, the finance lease liabilities and related finance charges were expected to be settled according to the following schedule:

31,12,22 (thousands of euros)	2,023	2,024	2,025	2,026	2027 and onwards	Total
Net present value	23,389	21,285	15,833	12,018	10,500	**83,025**
Finance charge	2,821	1,893	1,180	628	667	**7,189**

The fair value of the lease liability is similar to its carrying amount.

Leases recorded as financial debt for accounting purposes do not meet the tax requirements for the special finance lease regime, as they are not entered into with financial institutions, and are therefore not legally considered finance lease agreements.

c) Amounts recognised in the consolidated income statement

The amounts recognised in the consolidated income statement in connection with lease agreements are as follows:

	Thousands of euros	
	2,023	**2,022**
Fixed asset depreciation (amortisation) charge		
Amortisation of rights of use	**16,188**	**14,302**
Financial expenses		
Financial expenses - lease liabilities (Note 26)	**4,407**	**2,699**
Other operating expenses		
Expenditure on low-value contracts (Note 24)	**2,141**	**1,481**

d) Movements in lease liabilities:

Expressed in thousands of euros

	2,023	2,022
Balance as at 1 January	**83,025**	**63,408**
Translation differences	266	366
Additions to the scope of consolidation	15,925	4,770
Transfers	-	2,519
New lease agreements	42,822	32,956
Financial restatement	4,407	2,699
Principal payments made	(29,547)	(22,687)
Interest payments made	(4,407)	(2,699)
Remeasurement/modification of lease liabilities	(180)	3,306
Disposals	(4)	(1,613)
Balance as at 31 December	**112,307**	**83,025**

17 Borrowings and other financial liabilities

The breakdown of borrowings is as follows:

	Thousands of euros	
NON-CURRENT	**2,023**	**2,022**
Bank borrowings	90,731	66,537
Bond issues and other marketable securities	29,821	29,691
Other subordinated loans with related parties	10,000	10,000
Other bank borrowings	20,679	22514
Other non-current liabilities	25,694	16,248
	176,925	**144,990**
CURRENT	**2,023**	**2,022**
Bank borrowings	18,190	13,654
Bond issues and other marketable securities	17,127	22,352
Other bank borrowings	4,737	9,224
Other current liabilities	7,660	10,388
	47,714	**55,618**
	224,639	**200,608**

The fair value of borrowings and other financial liabilities does not differ significantly from their net book value.

Expressed in thousands of euros

Bond issues and other marketable securities

On 26 January 2022, GAM recorded the novation of the promissory note programme entitled "GAM 2021 Promissory Note Programme", which was listed on the Alternative Fixed-Income Market with a maximum outstanding balance of 50 million euros.

This programme, which remains in force following the novation of the programme on 31 January 2023 under the name "GAM 2023 Sustainability-Linked Promissory Note Programme", was listed on the Alternative Fixed-Income Market with a maximum outstanding balance of 50 million euros, and notes for a total amount of 16,700 euros were issued during the 2023 financial year.

On 6 July 2021, the Group registered the first bond issue on the Alternative Fixed-Income Market under the "GAM 2021 Fixed-Income Programme" with a total face value of 30,000,000 euros, a maximum outstanding balance of 80 million euros and a maturity date of 5 July 2026. The costs associated with the issuance of debt amounted to 346,000 euros.

On 18 May 2023, this programme was extended and named "GAM 2023 Fixed-Income Programme" with an outstanding balance of 100 million euros. The bonds accrue interest at a rate of 4,5%.

With regard to the bond issue, the Basic Information Document for the listing of securities on the Alternative Fixed-Income Market stipulates certain financial ratios that must be achieved during the life of the contract:

- Net Financial Debt-to-EBITDA Ratio: the ratio that is calculated must not exceed the following levels, in each of the periods indicated below:

Year	2023	2024	2025
Maximum level	3.50	3.50	3.50

As at 31 December 2023, the Group is meeting the ratios established under the contract.

Bank borrowings

On 17 December 2020, a novation agreement was signed for the Tranche A syndicated loan that had been arranged in 2015, for an amount of 75,412,000 euros, whereby the debt repayment schedule was changed. Under this agreement, this debt will be repaid over various maturity dates during the 5 years following the completion of the transaction (i.e. December 2025).

This novation agreement stipulates that:

- Tranche A: for an amount of 45,412,000 euros, a six-monthly amortisation schedule for 5 years, with an interest rate equal to the 6-month Euribor plus an applicable spread, which will vary depending on the Group's financial ratios, between 2% and 3,25%.

Expressed in thousands of euros

For both tranches, the "KPI-based sustainable finance" has been structured in such a way that the above spread rises or falls by up to 0,05% based on the fulfilment of certain sustainability indicators, which must be certified by the Group in each financial year.

The applicable interest rates for Tranche A will be applied according to the net debt-to-EBITDA ratio, depending on whether this is less than 2,50x, when 2% is applied, or 3x or more, when the maximum rate of 3,25% is applied.

On 21 December 2023, Carretillas Mayor and Arabia, companies acquired in 2023, were added to the syndicated loan as guarantors.

The novation agreement also sets certain restrictions on dividend payouts (Note 2,25) and establishes certain financial ratios that must be met during the life of the contract:

- Net Financial Debt-to-EBITDA Ratio: the ratio that is calculated must not exceed the following levels, in each of the periods indicated below:

Year	2023	2024	2025
Maximum level	3.00	3.00	3.00

- EBITDA-to-interest coverage ratio: the ratio that is calculated must always be 5.00 or above.

As at 31 December 2023, the Group meets the ratios established under the terms of the contract and according to the conditions set out in the waiver dated 17 October 2023.

On 30 November 2022, GAM entered into a financing arrangement with the European Investment Bank (EIB), backed by the European Fund for Strategic Investments. The total amount of finance is 35 million euros and it is earmarked for investments associated with various sustainability and innovation projects being carried out by the Group. This loan has a two-year grace period, so it will be repaid over various maturity dates over the following six years starting in December 2025 (i.e. December 2030). This loan accrues interest at a fixed rate of 4,44%, which can be reviewed at four years and may be changed as of that date.

The loan agreement with the EIB requires certain financial ratios to be met during the life of the contract:

- Net Financial Debt-to-EBITDA Ratio: the ratio that is calculated must not exceed the following levels, in each of the periods indicated below:

Year	2023	2024	2025	2026	2027	2028	2029	2030
Maximum level	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00

- EBITDA-to-interest coverage ratio: the ratio that is calculated must always be 5.00 or above.
- Loan-to-value ratio - collateral coverage ratio for machinery: on the calculation date of 31 December of each year, the sum of the net book value of the machinery covered by collateral must be at least 110% of the outstanding amount.

As at 31 December 2023, the Group meets the ratios established under the terms of the contract and according to the conditions set out in the waiver dated 18 December 2023.

On 29 March 2023, the GAM Group entered into a loan agreement with the Instituto de Crédito Oficial for 10,000,000 euros with a 2-year grace period and maturing in 2031. This loan accrues interest at the 6-month Euribor rate plus a spread of 2,25%.

This terms of this loan are identical to those of the ICO loan.

On 6 September 2023, the GAM Alquiler de México S.A de C.V. group entered into a loan agreement with HSBH México S.A. for an amount of 6,800,000 USD, with a 48-month term and a 3-month SOFR rate.

This heading also includes secured loans from the Instituto de Crédito Oficial, granted to the Company between 17 April and 22 November 2021, for a total amount of 21,000 euros as at 31 December 2023 (14,336,000 euros as at 31 December 2022), maturing in 2029 and paid on a monthly basis. The interest rate on these loans varies between 1,3% and 4,3%.

The Group has analysed the possible grant element of these loans, but has concluded that the fair value is not significantly different from the amortised cost.

The borrowings and other financial liabilities outstanding as at 31 December 2023 are all at a fixed rate, except for Tranche A, established in the 2022 loan novation agreement; and the ICO loans at the 6-month Euribor rate plus a spread of 2,25%, all of which are at a floating rate.

Other subordinated loans with related parties

On 20 January 2020, Orilla Asset Management, S.L. (formerly Halekulani, S.L.), a company related to the company's main shareholder and currently the ultimate Parent Company of the Group after absorbing Gestora de Activos y Maquinaria Industrial, S.L. during 2021 through a merger, granted the Group's Parent Company a loan facility of 20,000,000 euros that matures in March 2021, of which the Company drew down 10,000,000 euros.

This agreement was amended on 17 December 2020, with a new maturity date set in December 2025, accruing an interest rate equivalent to the 3-month Euribor plus a spread of 4%, payable on a quarterly basis.

This loan is classified as subordinated debt under the terms of the syndicated loan novation agreement entered into in 2020.

Expressed in thousands of euros

Other bank borrowings

The breakdown of "Other bank borrowings" is as follows:

	Thousands of euros	
CURRENT/NON-CURRENT	**2,023**	**2,022**
Discounted bills payable (Note 10)	1,782	284
Bank borrowings - Reverse factoring (Note 4,2)	2,321	3,400
Other bank borrowings	19	5,130
Loan agreements payable	21,294	22,924
	25,416	**31,738**

"Other bank borrowings" on the liability side of the consolidated balance sheet mainly comprise credit facilities of 21,294,000 euros (22,924,000 euros in 2022) secured through loan agreements entered into with various financial institutions.

The limit available for loan agreements entered into at year-end amounted to 6,694,000 euros (2,086,000 euros in 2022).

As at 31 December 2023, the Group has secured reverse factoring facilities with various financial institutions to enable advance payments to suppliers. The amount drawn down on the reverse factoring facilities totals 4,642,000 euros as at 31 December 2023 (6,866,000 euros in 2022), of which 2,321,000 euros constitute a payment obligation for the financial institution (3,466,000 euros in 2022), resulting in this amount being derecognised from "Trade and other payables" and being recognised in "Borrowings and other financial liabilities" in accordance with Note 2,16. The reverse factoring facilities secured by the Group do not accrue any financial cost payable to the financial institutions granting the facilities.

The effective interest rate applicable to all other bank borrowings varies between 3% and 11%.

Other current and non-current liabilities

Breakdown of "Other current and non-current liabilities":

	Thousands of euros	
CURRENT/NON-CURRENT	**2,023**	**2,022**
Suppliers of fixed assets	4,885	8,745
Payables under repurchase agreements	16,715	15,656
Deferred payments for company acquisitions (Note 6)	11,087	1,877
Other accounts payable	667	358
	33,354	**26,636**

Expressed in thousands of euros

"Payables under repurchase agreements" include any liabilities that arise from certain contracts in which an asset has been sold subject to a repurchase agreement and which have been classified as financing transactions. All amounts relating to repurchase options or repurchase obligations are also included under this heading.

The following "Borrowings and other financial liabilities" are due to be settled in 2023 and onwards according to the following schedules:

2023	2,024	2,025	2,026	2,027	2028 and onwards	Total
Bank borrowings	18,190	25,246	17,540	16,049	31,826	**108,851**
Bond issues and other marketable securities	17,127	-	29,821	-	-	**46,948**
Loan agreements payable	615	-	20,679	-	-	**21,294**
Subordinated debt with related parties	-	10,000	-	-	-	**10,000**
Suppliers of fixed assets	4,122	431	334	-	-	**4,887**
Other bank borrowings	19	-	-	-	-	**19**
Other accounts payable	735	-	-	-	-	**735**
Discounted bills payable	1,782	-	-	-	-	**1,782**
Other bank borrowings - reverse factoring	2,321	-	-	-	-	**2,321**
Deferred payments for company acquisitions (Note 6)	-	-	11,087	-	-	**11,087**
Payables under repurchase agreements	2,803	2,164	5,093	2,394	4,261	**16,715**
Total	**47,714**	**37,841**	**84,554**	**18,443**	**36,087**	**224,639**

2022	2,023	2,024	2,025	2,026	2027 and onwards	Total
Bank borrowings	13,651	13,062	18,633	9,026	25,819	**80,191**
Bond issues and other marketable securities	22,352	-	-	29,691	-	**52,043**
Loan agreements payable	410	-	-	22,514	-	**22924**
Subordinated debt with related parties	-	-	10,000	-	-	**10,000**
Suppliers of fixed assets	6,327	2,110	308			**8,745**
Other bank borrowings	5,130	-	-	-	-	**5,130**
Other accounts payable	358	-	-	-	-	**358**
Discounted bills payable	284	-	-	-	-	**284**
Other bank borrowings - reverse factoring	3,400	-	-	-	-	**3,400**
Deferred payments for company acquisitions (Note 6)	1,477	-	-	-	400	**1,877**
Payables under repurchase agreements	2,229	3,053	2,405	4,431	3,538	**15,656**
Total	**55,618**	**18,225**	**31,346**	**65,662**	**29,757**	**200,608**

In accordance with IFRS 7, the estimated finance charge for "borrowings and other financial liabilities", by maturity date, is as follows.

Expressed in thousands of euros

2023 (thousands of euros)	2,024	2,025	2,026	2,027	2028 and onwards
Total finance charge	5,541	4,483	3,131	2,198	2,703

2022 (thousands of euros)	2,023	2,024	2,025	2,026	2027 and onwards
Total finance charge	3,378	2,768	2,289	1,626	2940

Liabilities classified as financing activities are reconciled as follows:

	Thousands of euros		
	Long-term debt	Short-term debt	Total
Balance as at 31 December 2021	**89,686**	**48,715**	**138,401**
Financing	54,318	24,030	78,348
Additions to the scope of consolidation	5,344	5,011	10,355
S/t and L/t reclassifications	(4,358)	4,358	-
Cash flows	-	(26,496)	(26,496)
Balance as at 31 December 2022	**144,990**	**55,618**	**200,608**
Financing	49,707	5,161	54,868
Additions to the scope of consolidation	873	2,152	3,025
Reclassifications	2,000	-	2,000
Financial restatement	599	-	599
S/t and L/t reclassifications	(21,244)	21,244	-
Cash flows	-	**(36,461)**	**(36,461)**
Balance as at 31 December 2023	**176,925**	**47,714**	**224,639**

18 Contract liabilities from contracts with customers

This item mainly includes cash received in advance from customer contracts amounting to 21,428,000 euros in 2023 (16,057,000 euros in 2022).

The amount relating to repurchase options and obligations under such contracts is recognised in "Payables under repurchase agreements" under Borrowings and other financial liabilities (Note 17).

	Thousands of euros	
OTHER LIABILITIES	**2,023**	**2,022**
Non-current advances on contracts with repurchase agreements	14,893	11,008
Current advances on contracts with repurchase agreements	6,535	5,049
	21,428	**16,057**

19 Investments accounted for using the equity method

On 27 March 2023, the Company acquired the remaining 50% of GAM Arabia Ltd, thus acquiring a 100% holding in this company, which until 2022 was accounted for using the equity method and whose net book value stood at 1,250,000 euros.

Based on the shareholder agreements signed with each of the company's shareholders, by virtue of which strategic operational and financial decisions require the unanimous consent of the parties sharing control, they were classified as joint ventures since the shareholders are entitled to the net assets.

20 Deferred taxes

Gross movements in deferred tax assets and liabilities were as follows:

2023

ASSETS (in thousands of euros)	**2,022**	**Additions**	**Additions to scope**	**Write-offs**	**2,023**
Taxable adjustments to tax base:					
Tax loss carryforwards	5,294	2,956	1,150	(47)	9,353
- Limit on tax deductions for book depreciation	358	58	-	(132)	284
- Other adjustments to tax base	1,340	1,363	149	-	2,850
	6,992	**4,377**	**1,299**	**(179)**	**12,487**

LIABILITIES	**2,022**	**Additions**	**Additions to scope**	**Write-offs**	**2,023**
Deductible adjustments to tax base					
Excess of tax depreciation over book depreciation	-	349	2,672	(311)	2,710
Other adjustments	1,437	-	1,335	(1,078)	1,694
	1,437	**349**	**4,007**	**(1,389)**	**4,404**

2022

ASSETS (in thousands of euros)	2,021	Additions	Additions to scope	Write-offs	2,022
Taxable adjustments to tax base:					
- Tax effect expected loss	112	6	-	(16)	102
- Limit on tax deductions for book depreciation	571	-	-	(212)	359
- Other adjustments to tax base	4,225	2,306	-	-	6,531
	4,908	**2,312**	**-**	**(228)**	**6,992**
LIABILITIES	**2,021**	**Additions**	**Additions to scope**	**Write-offs**	**2,022**
Deductible adjustments to tax base	1,528	82	678	(851)	1,437
	1,528	**82**	**1,064**	**(851)**	**1,437**

In 2023, deferred tax liabilities of 4,151,000 euros were classified under Deferred tax assets in accordance with IAS 12 (1,166,000 euros in 2022).

There follows a breakdown of deferred tax assets and liabilities recognised as at 31 December 2023 for each tax group or significant entity:

	Assets	Liabilities
Spanish consolidated tax group	9,136	1,423
Spain	3,277	2,718
Portugal	2	-
Latam	72	10
Morocco	-	-
S. Arabia	-	253
	12,487	**4,404**

As explained in Note 4,1.b), the Group analysed the recognition and recoverability of deferred tax assets as at 31 December 2023 and 2022 taking into account the Group's business plan and the available tax planning tools.

In 2023, the Company capitalised 4,377,000 euros in tax credits for tax loss carryforwards and other items (2,306,000 euros in 2022). In recent years the Group has been able to apply tax credits and believes it is highly probable that the same trend will continue in the coming years. The acquisition of new companies in 2023 and the tax planning strategies implemented by the Group will allow it to increase the amount of recoverable tax credits and, therefore, their capitalisation, based on the best estimates available at the date of preparing these consolidated financial statements, according to a conservative approach. The expected recovery period is no greater than 5 years.

Expressed in thousands of euros

The write-offs in 2023 and 2022, amounting to 132,000 euros and 212,000 euros respectively, are mainly due to the limit on tax deductions for depreciation being restored.

The additions to the scope of deferred tax assets and liabilities amounting to 1,299,000 euros and 4,007,000 euros respectively (write-offs of 678 million euros in 2022) are related to business combinations during the year (note 6).

The deferred tax assets and liabilities are classified as long-term (427,000 euros of current liabilities in 2022).

The Group has 9,464,000 euros (9,679,000 euros in 2022) of unused tax credits corresponding to rebates that will expire in over five years, of which 939,000 euros (1,062,000 euros in 2022) have no time limit for tax claims according to the provisions of Corporation Tax Act 27/2014 (Common Spanish Territory).

Moreover, the breakdown of the Group's tax loss carryforwards, irrespective of whether they are applied in these consolidated financial statements, and the time limit for applying them as at 31 December 2023 and 2022, are as follows:

	2,023		**2,022**	
	Tax loss carryforwards	**Time limit for application**	**Tax loss carryforwards**	**Time limit for application**
Tax consolidated	59,587	No limit	60,899	No limit
Subsidiaries taxed under Biskaia provincial tax regime	18,279	2,048	17,142	2,048
Other non-consolidated Spanish companies	3,911	No limit	144	2,052
Foreign companies	3,089	2033	3,704	2021-2023
	84,866		**81,889**	

Since 2005, the Parent Company has been authorised to file consolidated tax returns for corporation tax. As at 31 December 2023, the scope of tax consolidation includes the following Group companies:

GAM España Servicios de Maquinaria, S.L.U., Grupo Internacional de Inversiones en Maquinaria, S.A.U., GAM Training Apoyo y Formación, S.L., General de Distribución y Manutención de Maquinaria Ibérica, S.L.U, Inquieto Moving Attitude, S.L., Recambios, Carretillas y Maquinaria, S.L., Sociedad de Intermediación de Maquinaria, S.L. and Alquitoro 3000, S.L.

The other Group companies are taxed individually in their respective jurisdictions.

Expressed in thousands of euros

The years open to inspection for applicable taxes vary for the different companies in the consolidated Group, but generally span the last four or five years.

The Company's Directors do not believe that any significant additional liabilities would arise as a result of an inspection of the open years.

21 Provisions

Movements during 2023 and 2022 are as follows:

	Thousands of euros	
	Current provisions	Non-current provisions
Balance as at 31 December 2021	**660**	**641**
Transfers	305	(305)
Additions to the scope of consolidation	170	905
Low	(660)	-
Balance as at 31 December 2022	**475**	**1,241**
Additions	620	592
Additions to the scope of consolidation	1,156	2,641
Low		(632)
Balance as at 31 December 2023	**2,251**	**3,842**

The Directors do not expect any additional contingent liabilities to arise other than those recognised.

22 Recurring revenue

As at 31 December 2023 and 2022, the breakdown of recurring revenues from the main geographic markets is as follows:

Expressed in thousands of euros

	Thousands of euros			
	31,12,23		31,12,22	
	Spain	International	Spain	International
Machinery rentals	118,752	40,734	95,583	30,291
Revenue from ancillary services	42,919	8,358	37,871	6,727
Freight revenue	12,076	3,316	11,497	3,075
Revenue from repairs and spare parts	12,450	3,470	9,571	2,473
Revenue from training	3,801	166	3,580	89
Other revenue sources	14,592	1,406	13,223	1,090
Sales of machinery etc.	46,617	23,237	35,993	16,538
Other revenue	208	30	185	51
Recurring revenue	**208,496**	**72,359**	**169,632**	**53,607**

As at 31 December 2023 and 2022, the breakdown of recurring revenue by segment and classification, according to the timing of revenue recognition, is as follows:

	Thousands of euros			
	31,12,2023			
	Spain	Portugal	Latam	Rest
Revenue recognised over time	161,672	16,266	27,116	5,710
Revenue recognised at a point in time	46,824	4,906	15,280	3,081
Recurring revenue	**208,496**	**21,172**	**42,396**	**8,791**

	Thousands of euros			
	31,12,22			
	Spain	Portugal	Latam	Rest
Revenue recognised over time	133,454	13,148	20,642	3,229
Revenue recognised at a point in time	36,178	4,527	10,921	1140
Recurring revenue	**169,632**	**17,675**	**31,563**	**4,369**

Since 2018, the Company has been increasing its sales and distribution activity. As of today, it is the exclusive distributor of the Hyster-Yale brand in Spain, Portugal and Morocco; it also distributes other brands such as Clark or JLG in different territories. The Group acts as principal in all these distribution agreements.

Expressed in thousands of euros

23 Procurement

The breakdown of "Procurement" at year-end 2023 and 2022 is as follows:

	Thousands of euros			
	2,023		2,022	
	Domestic	International	Domestic	International
Fuel	**8,801**	**949**	**8,559**	**771**
Spare parts	**15,920**	**4,454**	**11,274**	**2,551**
Other supplies	**37,347**	**18,968**	**29,322**	**12,630**
Machinery for trading	8,793	2,593	4,276	1,575
Machinery for distribution	23,599	15,328	22,528	10,296
NPV of used machinery	4,955	1047	2,518	759
Subleasing of machinery	**16,684**	**2,414**	**13,265**	**2,250**
	78,752	**26,785**	**62,420**	**18,202**

"Subleasing of machinery" includes the cost of leasing machinery to third party lessors outside the Group to cover specific demand needs.

24 Other operating expenses

The breakdown of "Other operating expenses" at year-end 2023 and 2022 is as follows:

	Thousands of euros	
	2,023	2,022
Leases and fees (Note 16)	2,141	1,481
Transport costs	15,313	14,374
Repairs and maintenance	6,704	5,959
Independent professional services	5,289	4,307
Insurance premiums	4,093	3,504
Other expenses	13,855	11,864
Taxes	712	780
	48,107	**42,269**

The heading "Other expenses" mainly includes expenses of a very diverse nature, such as advertising, banking services, supplies and other wide-ranging operating expenses.

"Other expenses" also includes impairment losses on trade receivables and reversals of provisions amounting to 609,000 euros (774,000 euros in 2022), see Note 10.

Expressed in thousands of euros

25 Staff costs

The breakdown of the employee benefits expense at year-end 2023 and 2022 is as follows:

	Thousands of euros	
	2,023	**2,022**
Wages and salaries and other staff costs	51,362	39,699
Employee benefit costs	16,592	13,032
	67,954	**52,731**

The heading "Wages and salaries" includes 539,000 euros of termination benefits (500,000 euros in 2022).

The average number of employees in each category is shown below:

	2,023		2,022	
	Men	**Women**	**Men**	**Women**
Board of directors	4	2	4	2
Management	9	3	6	2
Administration	79	132	82	88
Traffic / transport	174	14	117	14
Workshops	863	44	649	39
Sales	233	137	208	115
	1,362	**332**	**1,066**	**260**

On average, 80% of the staff were male in 2023 and 20% were female (80% and 20% respectively in 2022).

As of 2023, the GAM Group employs 7 people (4 people in 2022) with a degree of disability greater than 33%, in the following categories:

	2,023	**2,022**
Scientific and engineering technicians	6	3
Sales representatives	1	1
	7	**4**

The number of employees in each category is shown below:

Expressed in thousands of euros

	2,023	2,022
Board of directors	6	6
Management	11	9
Administration	238	145
Traffic / transport	195	122
Workshops	965	712
Sales	399	344
	1,814	**1,338**

26 Financial income and expenses

The breakdown of "Financial income and expenses" at year-end 2023 and 2022 is as follows:

	Thousands of euros	
	2,023	**2,022**
Financial expenses:		
- Bond and debt issuance (Note 14)	(1,943)	(1,706)
- Lease agreements (Note 16)	(4,407)	(2,699)
- Debt, trade discounts and loans	(6,598)	(3,490)
- Other financial expenses	(2,880)	(1,439)
	(15,828)	**(9,334)**
Financial income:		
- Interest income and other financial income	145	143
	145	**143**
Exchange differences:	**(641)**	**(413)**
Net financial income (expenses)	**(16,324)**	**(9,604)**

No cash was generated from financial income in 2023 and 2022

Expressed in thousands of euros

27 Corporation tax

	Thousands of euros	
	2,023	2,022
Current tax	(3,113)	(1,786)
Deferred tax (Note 20)	5,237	2,604
Corporation tax	**2,124**	**818**

The tax on the Group's pre-tax profit differs from the theoretical amount that would have been obtained using the weighted average tax rate applicable to the consolidated companies' profits as follows:

	Thousands of euros	
	2,023	2,022
Pre-tax profit (loss)	**6,920**	**7,049**
Tax calculated at national rates	(1,638)	(3,525)
Tax effects of:		
- Non-deductible expenses	(212)	(32)
- Prior year adjustments	-	(27)
- Deferred tax assets recognised	2,956	990
- Limit on tax deductions for book depreciation	(75)	
- Use of previously unrecognised tax losses	(47)	1,199
- Excess of tax depreciation over book depreciation	(38)	
- Reversal of other deferred assets and liabilities	2,441	359
- Other adjustments	(1,263)	1,854
- Tax loss carryforwards for which no deferred tax asset has been recognised		-
Tax expense	**2,124**	**818**

The adjustments to book income for non-deductible expenses and other adjustments mainly consist of permanent differences relating to non-deductible expenses according to each country's tax regulations.

Additionally, the following adjustments to book income have had a significant impact in 2023:

i) The utilisation of tax credits for tax loss carryforwards, rebates and interest not deducted in previous years, amounting to 2,956,000 euros. These relate only to the tax credit of the Spanish tax group within the consolidated Group.

Expressed in thousands of euros

ii) Reversal of other deferred assets and liabilities and other adjustments mainly reflect the tax effect of certain adjustments for consolidation, deferred tax assets and permanent differences, respectively.

28 Earnings (loss) per share

a) Basic

Basic earnings per share are calculated by dividing profit (loss) for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares.

The calculation of basic earnings (loss) per share is detailed below:

	Thousands of euros	
	2,023	**2,022**
Profit (loss) for the year attributable to equity holders of the parent	9,069	7,660
Weighted average number of ordinary shares outstanding	94,608	94,608
Earnings (loss) per share	**0,10**	**0,08**

The breakdown of listed shares, by listing date, is as follows:

	Thousands of shares
Listed shares as at 1 January 2022	**94,608**
Listed shares as at 31 December 2022	**94,608**
Listed shares as at 31 December 2023	**94,608**

b) Diluted

Diluted earnings per share are calculated by adjusting the profit (loss) for the year attributable to equity holders of the parent and the weighted average number of ordinary shares outstanding to reflect all dilutive potential ordinary shares.

The calculation of dilutive earnings (loss) per share is detailed below:

	Thousands of euros	
	2,023	**2,022**
Profit (loss) for the year attributable to equity holders of the parent (diluted)	9,069	7,660

Expressed in thousands of euros

Weighted average number of ordinary shares outstanding (diluted)	94,608	94,608
Diluted earnings (loss) per share	**0,10**	**0,08**

The profit (loss) for the period attributable to equity holders of the parent has been reconciled with profit (loss) for the period attributable to equity holders of the parent (diluted) as follows:

	Thousands of euros	
	2,023	**2,022**
Profit (loss) for the year attributable to equity holders of the parent	9,069	7,660
Profit (loss) for the year attributable to equity holders of the parent (diluted)	**9,069**	**7,660**

The weighted average number of diluted ordinary shares outstanding was determined as follows: (IAS 33. 70(b)).

	Thousands of shares	
	2,023	**2,022**
Weighted average number of ordinary shares outstanding	94,608	94,608
Share-based payments (IFRS 2)	-	-
Weighted average number of diluted ordinary shares outstanding	**94,608**	**94,608**

29 Contingent liabilities

The Group holds guarantees related to the normal course of business from which no material liabilities are expected to arise.

In the normal course of its business, the Group has guarantees and similar arrangements with third parties, including public bodies and sundry creditors, to cover the provision of services by Group companies, and the acquisition of machinery. As at 31 December 2023, their total value is 6,331,000 euros (4,791,000 euros as at 31 December 2022). In addition, the Group has recognised indemnification assets from business combinations amounting to 3,797,000 euros (1,781,000 euros as at 31 December 2022).

Expressed in thousands of euros

30 Related-party transactions

The balances and transactions between Grupo General Alquiler de Maquinaria, S.A. and significant shareholders and related parties other than shareholders at year-end 2023 and 2022 are as follows:

	Thousands of euros					
	2,023					
	Transactions			Balances		
	Financial expenses	Sales and services rendered	Leases and other expenses	Trade and other receivables	Long-term debt	Short-term debt
Majority shareholders						
Banco Santander	(1,321)	-	-	-	(22,638)	(10,876)
Orilla Asset Management, S.L. (*)	(653)	-	-	-	(10,704)	(704)
Other related parties						
Companies from Grupo Gestamp Automoción, S.A.	-	2,100	-	454	-	-
Companies from Grupo Gonvarri, S.A.	-	224	-	43	-	-
Asti Mobile Robotics, S.L.	-	(1)	-		-	-
Global Portfolio Investments, S.L.	-	1	(1)	-	-	-
Cervezas Gran Via, S.L.	-	1	-		-	-
Uno de Febrero, S.L.	-	1	-	(1)	-	-
Cerámica Villacé	(15)	-	-	-	(1,488)	-
Inversiones Asturianas, S.A.	-	-	-	-	-	-
Cofinex, S.L.	0	0	0	0	0	0
	(1,989)	**2,326**	**(1)**	**496**	**(34,830)**	**(11,580)**

(*) Formerly Halekulani, S.L.

Expressed in thousands of euros

	Thousands of euros					
	2,022					
	Transactions			Balances		
	Financial expenses	Sales and services rendered	Leases and other expenses	Trade and other receivables	Long-term debt	Short-term debt
Majority shareholders						
Banco Santander	(737)	-	-	-	(32,590)	(9,491)
Orilla Asset Management, S.L. (*)	(508)	-	-	-	(11,408)	(703)
Other related parties						
Companies from Grupo Gestamp Automoción, S.A.	-	613	-	306	0	
Companies from Grupo Gonvarri, S.A.	-	52	-	11	0	0
Asti Mobile Robotics, S.L.	-	14		16	0	-
Proyectos del Occidente, S.L.	0	3	0	0	0	0
Cervezas Gran Via, S.L.	0	3	0	1	0	0
Uno de Febrero, S.L.	0	10	(16)	0	0	0
Cerámica Villacé	0	0	(60)	0	0	0
Integral Automoción 2000, S.A.			(1)			(6)
	(1,245)	**695**	**(77)**	**334**	**(43,998)**	**(10,200)**

(*) Company absorbed by Orilla Asset Management in 2021

No professional advisory services have been provided to the Group by related parties in 2023 and 2022, nor are there any related party transactions in 2023 and 2022 other than those already disclosed.

All transactions with related parties have been carried out on an arm's length basis.

31 Remuneration of Directors and Senior Management

Directors are remunerated in accordance with article 9 of GAM's Articles of Association. It may consist of a fixed amount agreed upon by the Annual General Meeting, and need not be the same for all members of the Board of Directors.

The remuneration earned by the members of the Board of Directors of GAM, S.A. in 2023 amounted to 1,322,000 euros (1,322,000 euros in 2022). It consists of the following items and amounts:

	Thousands of euros	
	2,023	**2,022**
Wages	1,322	1,322

Expressed in thousands of euros

	1,322	1,322

The remuneration earned by the Parent Company's Senior Management, i.e. the Company's top executives, amounted to 1,727,000 euros for all fixed and variable components (1,744,000 euros in 2022).

The Parent Company has established two remuneration schemes based on share options for Group directors and executives (Note 14.d). The Company has not incurred any amount in this respect in 2023 or 2022.

No advances or loans have been granted to any members of the Board of Directors, and no obligations have been assumed for them by way of guarantees.

The members of the Board of Directors and Senior Management are not in receipt of any amounts for present or future pension commitments.

The premiums paid in the year for public liability insurance for members of the Board of Directors amounted to 96,000 euros (96,000 euros in 2022).

32 Commitments

(a) Commitments to purchase fixed assets

As at 31 December 2023 the Group had committed expenditure of 24,035,000 euros on machinery, which was not recognised in the consolidated financial statements (44,529,000 euros as at 31 December 2022).

33 Significant events during 2023

On 24 February 2022, the war between Russia and Ukraine began. The invasion of a European country is unprecedented since the middle of the last century, with devastating humanitarian consequences and serious implications for the global economy and financial markets.

Following Russia's invasion of Ukraine, the European Union and countries such as the United States, Australia, Japan and the United Kingdom imposed unprecedented measures and sanctions on Russia. These measures, and the sanctions put in place by Russia in response to them, have had global effects, leading to increases in commodity prices, inflationary pressures, supply chain constraints and volatility in financial and commodity markets.

The conflict in Ukraine and the effects thereof have come at a time of significant global economic uncertainty and volatility and the impact of this is likely to compound and even exacerbate the effects of current market conditions. As a result, there are numerous effects on the economy and on business that need to be assessed.

In addition, the conflict between Palestinians and Israelis has escalated to a degree unseen in recent years, following the terrorist attack against Israel in October 2023. Although it is not believed that this conflict will have major consequences for global energy as long as it remains contained within the region, it reduces the prospects of normalisation in the region in question and increases the geopolitical risk premium in markets that are already under strain.

In view of the current scenario, and following the recent recommendations of the European Securities and Markets Authority (ESMA), the Group's Directors and Management are monitoring developments in the current crisis in order to manage any potential risks. Although most of the Group's business is conducted with customers who operate outside the markets that have been directly affected by the conflict, and it has no subsidiaries, contracts, deposits or substantial investments in Russia, Ukraine or Belarus, nor is its business directly impacted by the shortage of raw materials from these countries, as is the case in the agricultural and energy sectors, the Group is aware that in the current climate these impacts may not be confined solely to companies based in the affected area.

As this is a constantly evolving situation and it is difficult to predict the extent to which the military conflicts will continue to affect us and for how long, the Group is monitoring macroeconomic and business variables to gain the most accurate picture of the potential impact as it unfolds, while also considering the various recommendations made by national and supranational supervisory bodies in this regard.

35 Events after the reporting period

On 18 January 2024, the Constitutional Court published a briefing note announcing its ruling in which it unanimously declared certain corporation tax (IS) measures introduced by Royal Decree-Law 3/2016, of 2 December, adopting tax measures aimed at consolidating public finances and other urgent social measures, to be unconstitutional.

The specific amendments to the IS upon which judgement was passed (declared null and void for being unconstitutional) are as follows:

1. The setting of stricter ceilings for the offsetting of tax losses (the use of tax loss carryforwards was limited to 50% of the previous year's taxable income if the company's (or tax group's) net revenue was 20 million euros or more in the previous year; and to 25% if the net revenue was 60 million euros or more);

2. The introduction of a limit on the application of double taxation relief (limiting the application of international double taxation relief to 50% of the tax liability); and

3. The obligation to automatically include impairments of holdings deducted in previous years in taxable income (1/5 of deductible portfolio impairments were to be reversed every year from 2016 onwards and included in taxable income).

The first two measures only apply to large companies, while the third can be applied to any IS taxpayer.

This ruling is only applicable to tax returns that had been challenged at the date of the ruling or to self-assessments for which corrections had been requested.

At the time of preparing these consolidated financial statements, the GAM Group has not recorded any changes relating to the above ruling. However, the impacts that are to be accounted for in 2024 are being analysed.

34 Other information

(a) Environmental information

The Paris Agreement has had a significant impact on the implementation of new climate policies and the approval of new regulations. Having made a commitment to be climate-neutral by 2050 and "The European Green Deal", which is the EU's new growth strategy, the European Union (EU) has approved various regulations in this area. Spain has also enacted various regulations in this area, so regulations on climate change and the energy transition are constantly evolving and could have a negative impact on the Group's activities.

The Group companies have adopted the relevant environmental measures in order to comply with current environmental legislation, although they did not make any significant investments in 2023 and 2022, nor did they incur significant expenses on systems, equipment and facilities designed to protect and improve the environment, primarily because of the nature of their business activities.

The Group's strategy takes into account the objectives of the Paris Agreement, although the impact of climate change risk was not deemed to be material when preparing the 2022 consolidated financial statements as it does not have a significant impact on the useful lives of assets or on asset impairment tests, and it does not give rise to any legal or constructive obligations for the Group.

With the procedures currently in place, the Parent Company's Directors believe that environmental risks are adequately controlled and that there are no contingencies in this area that need to be covered by provisions.

The Group has not received any environmental grants in 2023 and 2022.

(b) Auditor remuneration

The firm that audited the Group's financial statements, KPMG Auditores, S.L., has accrued the following fees for professional services during the years ended 31 December 2023 and 2022:

Expressed in thousands of euros

	Thousands of euros	
	2,023	**2,022**
Auditing services	266	246
Audit-related review services	32	31
Other accounting review services	13	10
	311	**287**

Auditing services consist of the auditing of the consolidated financial statements, provided by KPMG Auditores, S.L. for General de Alquiler de Maquinaria, S.A. and its subsidiaries during the year ended 31 December 2023 and 2022, audit-related review services consist of limited reviews of the consolidated financial statements of General de Alquiler de Maquinaria, S.A. and its subsidiaries as at 30 June. Additionally, the amount for other accounting review services as at 31 December 2023 and 2022 mainly covers reviews of reports on debt ratios.

The amounts included in the above table include all fees for services rendered during the financial years, irrespective of the time of invoicing.

Furthermore, other affiliates of KPMG International have invoiced the Group during the year ended 31 December 2023 and 2022 for professional service fees, as follows:

	Thousands of euros	
	2,023	**2,022**
Other accounting review services	25	20
Other services	-	2
Auditing services	48	50
	73	**72**

Auditing services were provided by other audit firms in 2023 and 2022: RSM Allied Accountants Professional Services Co. for GAM Arabia Company Limited and Oscar Alarcón, local accountant, for Ozmaq S.A de C.V.

(c) Directors' conflicts of interest

Regarding the obligation to avoid any conflicts of interest with the Parent Company, during the year the Directors who have sat on the Board of Directors have complied with the requirements set forth in article 228 of the consolidated text of the Spanish Corporations Act. In this respect, pursuant to the provisions of article 229 of the Spanish Corporations Act, the directors have reported that neither they nor any persons related to them have any direct or indirect conflict of interest with the Parent Company.

Expressed in thousands of euros

ANNEX I

Company name	Registered address	% holding of share capital	Shareholding company	Consolidation method	Business	Auditor
GAM PORTUGAL – Aluguer de Máquinas e Equipamentos, Lda	Lisbon (Portugal)	100,00%	General de Alquiler de Maquinaria, S.A.	Full consolidation method	Machinery rentals	KPMG
Aldaiturriaga, S.A.U.	Baracaldo (Vizcaya)	100,00%	General de Alquiler de Maquinaria, S.A.	Full consolidation method	Machinery rentals	KPMG
GAM España Servicios de Maquinaria, S.L.U.	Oviedo (Asturias)	100,00%	General de Alquiler de Maquinaria, S.A.	Full consolidation method	Machinery rentals	KPMG
Grupo Internacional de Inversiones Alquiler de Maquinaria, S.A.U	San Fernando de Henares (Madrid)	100,00%	General de Alquiler de Maquinaria, S.A.	Full consolidation method	Foreign subsidiary holding company	(1)
GAM Alquiler Romanía, S.R.L.	Bucharest (Romania)	100,00%	Grupo Internacional de Inversiones Alquiler de Maquinaria, S.A.U.	Full consolidation method	Dormant	(1)
GAM Training Apoyo y Formación, S.L.U.	Oviedo (Asturias)	78,00%	General de Alquiler de Maquinaria, S.A.	Full consolidation method	Training	(1)
General Alquiler de Maquinaria prestación de servicios, S.A. de C.V.	Mexico City (Mexico)	100,00%	GAM España Servicios de Maquinaria,S.L.U.	Full consolidation method	Dormant	(1)
GAM Alquiler México, S.A. de C.V.	Mexico City (Mexico)	100,00%	Grupo Internacional de Inversiones Alquiler de Maquinaria, S.A.U.	Full consolidation method	Machinery rentals	KPMG
Movilidad sostenible MOV-E, S.L.	Oviedo (Asturias)	50,00%	General de Alquiler de Maquinaria, S.A.	Equity method	Dormant	(1)
GAM Alquiler Perú SAC	Lima (Peru)	100,00%	Grupo Internacional de Inversiones Alquiler de Maquinaria, S.A.U.	Full consolidation method	Machinery rentals	(1)
GAM Panamá, SA	Panamá (Panamá)	100,00%	Grupo Internacional de Inversiones Alquiler de Maquinaria, S.A.U.	Full consolidation method	Dormant	(1)
General Alquiler de Maquinaria Chile, S.A.	Santiago de Chile (Chile)	100,00%	Grupo Internacional de Inversiones Alquiler de Maquinaria, S.A.U.	Full consolidation method	Machinery rentals	(1)
GAM Location Maroc, SARL AU	Tangier (Morocco)	100,00%	Grupo Internacional de Inversiones Alquiler de Maquinaria, S.A.U.	Full consolidation method	Machinery rentals	(1)

Expressed in thousands of euros

GAM Colombia, S.A.S.	Bogotá (Colombia)	100,00%	Grupo Internacional de Inversiones Alquiler de Maquinaria, S.A.U.	Full consolidation method	Machinery rentals	KPMG
GAM Arabia Ltd	Saudi Arabia	50,00%	Grupo Internacional de Inversiones Alquiler de Maquinaria, S.A.U.	Full consolidation method	Machinery rentals	RSM
GAM Dominicana, S.A.S.	Dominican Republic	56,25%	Grupo Internacional de Inversiones Alquiler de Maquinaria, S.A.U.	Full consolidation method	Machinery rentals	(1)
Inquieto Moving Attitude, S.L.	San Fernando de Henares (Madrid)	80,00%	General de Alquiler de Maquinaria, S.A.	Full consolidation method	Vehicle sales	(1)
GAM Distribución y Manutención de Maquinaria Ibérica, S.L.U.	San Fernando de Henares (Madrid)	100,00%	General de Alquiler de Maquinaria, S.A.	Full consolidation method	Distribution of machinery and spare parts	KPMG
Inquieto Mobilidade Curiosa Unipessoal Lda	Montijo (Portugal)	80,00%	Inquieto Moving Attitude, S.L.	Full consolidation method	Machinery rentals	(1)
Recambios, Carretillas y Maquinaria, S.L.	San Fernando de Henares (Madrid)	100,00%	GAM Distribución y Manutención de Maquinaria Ibérica, S.L.U.	Full consolidation method	Machinery rentals	KPMG
Alquitoro 3000, S.L.	San Fernando de Henares (Madrid)	100,00%	GAM Distribución y Manutención de Maquinaria Ibérica, S.L.U.	Full consolidation method	Machinery rentals	(1)
Sociedad de Intermediación de Maquinaria, S.L.	San Fernando de Henares (Madrid)	100,00%	GAM Distribución y Manutención de Maquinaria Ibérica, S.L.U.	Full consolidation method	Machinery rentals	(1)
PRAMAC CARIBE, S.R.L.	Dominican Republic	56,25%	GAM Dominicana, S.A.S.	Full consolidation method	Machinery rentals	(1)
Grupo Dynamo Hispaman , S.L.	Móstoles (Madrid)	67,33%	GAM Distribución y Manutención de Maquinaria Ibérica, S.L.U.	Full consolidation method	Machinery rentals	KPMG
GAM Circular Process, S.L.	Oviedo (Asturias)	60,02%	General de Alquiler de Maquinaria, S.A.	Full consolidation method	Repairs, machinery and circular economy	KPMG
Carretillas Mayor S.L.	Cabezón de Pisuerga (Valladolid)	100,00%	General de Alquiler de Maquinaria, S.A.	Full consolidation method	Machinery rentals	KPMG
Ozmaq S.A de C.V	San Luis de Potosí (Mexico)	60%	GAM Alquiler México, S.A. de C.V.	Full consolidation method	Machinery rentals	Oscar Alarcón

Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

Contents of the consolidated directors' report for 2023

Annexes

Performance of the Group's business in 2023

GAM's business model has been consolidated in 2023, based on business, sector and market diversification, and on a commitment to sustainability, which has made the company more resilient in the face of uncertainty.

GAM has evolved from being a traditional, extremely capital-intensive and more cyclical short-term rental business to a highly diversified, less CapEx-intensive business that caters to the needs of its customers.

- ✓ In recent years, GAM has developed business lines that complement its traditional rental business.
- ✓ The company has capitalised on its structure and extensive reach to successfully develop lines of business that require no additional investment ("CapEx-free"): distribution, trading, used sales (global market, highly liquid), maintenance, training ("Kirleo Vocational School"). These lines of business now account for 37% of the company's total business and have grown at double-digit rates in recent years.
- ✓ By becoming distributors of products for leading global manufacturers, the company has also boosted its long-term recurring services business, which now accounts for 25% of revenues, growing by 42% between 2022 and 2023.
- ✓ Diversifying the business across three pillars provides stability, resilience to economic downcycles and a reduction in CapEx and leverage. Full diversification has been achieved in Spain (1/3 of revenues come from each business) and the model is being exported worldwide.
- ✓ The company has also developed new projects related to sustainability with high growth potential: Inquieto (zero-emission solutions for last mile logistics), REVIVER (circular economy project), KIRLEO (vocational school), and Equipzilla (rental marketplace).
- ✓ It has continued to pursue a policy of acquisitions (M&A) to strengthen the company's target businesses and growth areas.
- ✓ These new businesses make GAM a diversified, resilient, sustainable, digital and transformational company.

Without question, the year was marked by inflation and, above all, by rising interest rates, which is especially relevant to a business in which equipment rentals continue to play a very important role.

However, the company's aforementioned strategy has helped it to achieve high growth (+26%) while maintaining its business margins.

- ✓ The Group's recurring revenue totalled 280,9 million euros as at 31 December 2023 (223,2 million euros in 2022). This represents an increase of 26% on the previous year and is evenly spread across all businesses and countries.

- ✓ The Group's EBITDA (i.e. the sum of "operating profit", "depreciation (amortisation) charge" and "non-recurring expenses") amounted to 73,7 million euros in FY2023, increasing by +26% (58,3 million euros in FY2022), and maintaining a 26% margin on sales, despite the inflationary climate.
- ✓ The profit for the year amounted to 9 million euros, an increase of 15% on 2022, which ended with profit of 7,9 million euros, further cementing the profit-making trend of the last five years, and representing 3,2% of revenue (3,5% in 2022), despite the increase in financial costs, which reduced the margin by 1,5 percentage points.

This strategy has been bolstered by company acquisitions in 2023:

Both Carretillas Mayor, in Spain, and Ozmaq, in Mexico, two companies with long-term rental businesses which focus on large industrial customers, and GAM Arabia are allowing it to consolidate its business in a region with great growth potential.

The Group is also continuing to invest in new businesses, with a strong focus on sustainability, through the "Embracing Sustainability" plan launched in 2021, which includes four key pillars:

1. Circular economy (REVIVER): in 2023, construction of the circular economy plant was completed, which will allow the remanufacturing of machinery and components to start in 2024, requiring an investment of 11 million euros in 2023.

   REVIVER is a disruptive project that will transform our approach to procurement and using machinery and help our customers and suppliers to meet their sustainability commitments. It was launched with the aim of introducing a circular economy model into the logistics and industrial machinery sector, shifting away from the linear economy model.

   This project will also have a significant social impact, as it is taking place in Villacé (León), a sparsely populated area, where REVIVER will help to rebuild the population by creating jobs.

   As well as supporting GAM's sustainability plan, remanufacturing equipment will allow GAM to reduce its annual CapEx requirements.

2. Energy and sustainable mobility: gradual replacement of internal combustion vehicles with electric vehicles in the company's rental fleet. In 2023, 82,1% of GAM's rental fleet were zero-emission (79% the previous year), and the goal is to increase this percentage in the coming years. GAM also has a new line of business focused on sustainable last mile mobility, Inquieto, with the aim of minimising the environmental impact of logistics vehicles.

   In 2023, GAM was awarded the ECOVADIS silver medal for its commitment to sustainability.

3. Social innovation: through our training business, we are continuing to develop our vocational school (KIRLEO) in order to improve our students' professional training and skills ("upskilling and reskilling").

4. Transforming the business: at GAM we invest in initiatives that allow the business to develop in a sustainable way, with the aim of having a positive impact on the environment.

As part of this growth and diversification process, the Company has also improved its mix of funding sources, as follows:

- ✓ The Promissory Note Programme that had been listed on the Alternative Fixed-Income Market (MARF) in 2021 was extended in January 2023, with a maximum outstanding amount of 50 million euros.
- ✓ The Fixed-Income Programme that had been listed on the Alternative Fixed-Income Market (MARF) in 2021 was extended in May 2023, with the maximum amount being increased from 80 million euros to 100 million euros, with a single issue of 30 million euros having been made in 2021.
- ✓ In March 2023, GAM entered into a financing arrangement with the Instituto de Crédito Oficial (ICO) for 10 million euros, which together with the funds obtained in 2022 from the European Investment Bank (EIB) for a total amount of 35 million euros, is earmarked for investments associated with sustainability and innovation projects.
- ✓ Also in 2023, loans were secured for a total amount of 16,8 million euros from the financial institutions HSBC México, S.A., Caixabank and Banco Santander to fund inorganic growth (acquisition of Carretillas Mayor and Ozmaq).

The company's net debt at year-end amounted to 265,4 million euros, with a debt-to-EBITDA ratio of 3,5 (annualising the impact of acquisitions), which the company believes to be reasonable for the sector in which it operates, and which is similar to the previous year's figure, having grown by +26%.

The Group has total equity of 104 million euros (97,5 million euros at year-end 2022).

This puts the company in a strong position to pursue its strategy of diversifying into businesses and services that complement the traditional machinery rental business, and to exploit opportunities for growth.

Main business risks

Risk associated with the current economic, political, social and health scenario.

The sustainability of global and eurozone economic activity depends on a number of factors that are out of the Group's control, such as the prevailing macroeconomic and political climate, sovereign debt and fiscal deficit levels, liquidity and credit availability, currency stability, interest rate changes, employment growth, consumer confidence, consumer perceptions of economic conditions and private sector investment, among others. The performance of the Group's businesses is largely driven by the economic cycles of the countries and regions in which the Group operates.

More specifically, variables that are highly sensitive to cyclical changes such as employment levels, wages, the business climate, interest rates and access to financing can have an impact on the provision of services offered by the Group.

The current economic climate is volatile, mainly due to a significant upturn in inflation, with the costs of energy, fuel and certain commodities being high, which has been compounded by the conflict in Ukraine which, among other effects, has further fuelled the inflationary pressures that had previously hit commodity markets.

Hence, the baseline forecast is for global growth to slow from 3,5% in 2022 to 3,0% in 2023 and 2,9% in 2024, well below the historical average (2000-19) of 3,8% (International Monetary Fund). Global inflation is forecast to fall steadily from 8,7% in 2022 to 6,9% in 2023 and 5,8% in 2024, due to monetary policy tightening and supported by lower global commodity prices.

Inflationary pressures have led central banks to adopt interest rate hike policies, although they are expected to gradually ease and level off.

The current volatile economic climate has created a high degree of uncertainty about the outlook for the global economy, in general, and the Spanish economy, in particular. Inflation, economic growth, and electricity and fuel prices may be badly hit, resulting in a worsening of the overall economic situation in which the Group operates, which could ultimately have a significant adverse effect on its financial position and cash flows.

Competitive environment in the rental sector

Traditionally, GAM has focused its activity on the short-term rental business. However, in recent years, the long-term rental business, and other businesses that do not require investment (training, maintenance, trading, distribution, etc.) have been playing an increasingly important part in the company's business model, although the volume of short-term rentals continues to be substantial (38%).

This traditional short-term rental and service business is strongly influenced by economic, political and social conditions, so any adverse situation could have a significant impact on demand and, therefore, on prices and the volume of business.

As this is an investment-intensive business, maintaining an adequate occupancy rate for the fleet of machines is vital to ensure that the Group's earnings are stable, so a significant drop in occupancy rates could have a negative impact on the business, earnings or the financial, economic or equity position of GAM.

Moreover, the machinery rental sector is highly fragmented, with a very large number of small and medium-sized operators and only a few of them have a significant national average market share, including GAM.

In Spain, where the Group conducts 71% of its short-term business, GAM's market share is over 12%, and approximately 60%[1] of the rental industry's turnover is generated by companies with fewer than 50 employees.

Due to their size, the vast majority of operators in this market have a limited service capacity, confined to the small areas they cover, usually specialising in a particular category of machines. However, these small and medium-sized companies can be very aggressive in their pricing.

Machine manufacturers that sell and rent directly to their customers also compete with GAM.

Although the overall price trend has been stable in recent years, in 2022 there was an increase in prices, which in turn was caused by the rising price of raw materials required to manufacture equipment, which continued into 2023. If this price increase is not passed on to customers, this could adversely affect GAM's business, earnings or financial, economic or equity position by reducing its market share or exerting downward pressure on prices.

Geographic concentration in the Iberian market

85% of the Group's revenues are concentrated in the Iberian Peninsula.

The sustainability of regional economic activity depends on a number of factors that are out of the Group's control, such as the prevailing macroeconomic and political climate, sovereign debt and fiscal deficit levels, liquidity and credit availability, currency stability, interest rate changes, employment growth, consumer confidence, consumer perceptions of economic conditions and private sector investment, among others.

Although Spain and Portugal have stable economies, an adverse economic, political, social or health scenario in this region could have a significant impact on the Group's business and financial performance.

Similarly, the entry of new competitors into Iberia, or a failure of the strategies adopted in this territory, could be detrimental to the GAM Group's situation.

As part of its risk reduction strategy, the Group is stepping up growth in other countries where it operates, such as Chile, Mexico, Morocco and the Dominican Republic, not only organically, by increasing its level of investment, but also inorganically, by acquiring business lines or other companies, e.g. the acquisition of Ozmaq S.A. de C.V. in Mexico in July 2023, which allowed GAM to double its size in the country.

This geographical diversification will mitigate the impact of a any localised downturn in the Iberian market.

The Group is also continuing to pursue a strategy of increasing its proportion of long-term business and businesses that are less dependent on investment (trading, distribution, training, etc.) in all its territories. This type of business, which is more stable and less dependant on economic conditions, can serve to mitigate any downturn in the Iberian market.

Risk arising from our presence in emerging economies.

[1] Source: ERA (*European Rental Association*), ERA Market Report 2022

The Group's presence in Mexico, Colombia, Chile, Peru, Dominican Republic, Morocco and Saudi Arabia exposes it to certain risks that are not found in more mature or less volatile economies.

Emerging markets are exposed to political and legal risks, which are less common in Europe and North America, such as nationalisation and the expropriation of privately held assets, political and social instability, sudden changes in the regulatory framework and government policies, as well as changes in fiscal policies and/or price controls. These risks also include the need to adapt to the different jurisdictions and legal and regulatory frameworks in each country in which the Group operates, and to the continuous changes thereto. This may make it necessary to allocate extra resources to manage the businesses in these countries and, in any event, it places significant demands on staff on the operational and financial sides of the business.

Moreover, the emerging markets and other global markets in which the Group operates are more exposed than developed markets to the risk of macroeconomic instability and volatility with regard to GDP, inflation, exchange rates and interest rates, local currency devaluation, political changes affecting economic conditions and general economic downturns, which would have an adverse effect on the Group's business. In some cases, for reasons sometimes connected with instability, there may be foreign exchange controls (which may have an adverse effect on the ability of the Group's operating subsidiaries that are based in emerging markets to repatriate profits) and on imports of capital goods.

Events of this kind have had a negative impact on the GAM Group in the recent past, such as the electoral crisis in Peru, or the recent social unrest and riots in major cities in Chile and Colombia, which have resulted in a slowdown in tendering and public works in that region.

GAM cannot guarantee the success of the Group's international operations and future investments in these territories. In the event of the occurrence of the risks and negative events to which the emerging markets in which the Group operates are exposed, thus creating certain adverse conditions, the GAM Group's business, earnings or financial position could be harmed.

Risks associated with the integration of acquired companies.

Since 2020, the GAM Group has been implementing a strategy that consists of acquiring companies and business lines with the aim of increasing the Group's volume of sales and presence in the long-term machinery rental market in key industries such as the industrial sector. In addition to the legal and tax risks that may arise from acquiring companies because they are not covered by the seller and/or because they were not discovered during the due diligence process, there are other operational and business risks that may lead to problems when integrating new companies into the GAM Group or reduce the likely profitability of the newly acquired business. Primarily, these risks are as follows:

(i) losing the customers of the newly acquired companies;
(ii) developing new lines of business in which the GAM Group has limited experience;
(iii) staff from the newly acquired company joining the Group, especially key personnel;
(iv) the challenges and costs of integrating the Enterprise Resource Planning (ERP) of new companies into the GAM Group's systems;

(v) problems in achieving the expected synergies; and

(vi) the increased time and human resources required to assess, negotiate and integrate new companies into the GAM Group.

The Group has a team of experts in M&A, receiving external advice on due diligence processes; it has mechanisms in place to adequately cover the eventuality of any issues that are not detected during due diligence, for which the sellers are liable, according to the terms of the sale and purchase agreements; and it has in-house teams to coordinate, implement and monitor the integration procedures. However, the Group cannot guarantee that this risk will not arise as a result of such acquisitions or other acquisitions that the Group may carry out in the future.

Risk associated with implementing new businesses and projects.

The Group allocates significant resources to carrying out strategic projects that will have a long-term impact on the Group's earnings, either by increasing revenues or reducing costs. Examples of such projects are GAM Digital or Kirleo - Vocational School.

Achieving the goals set out in the feasibility plans of these projects is essential to ensure a return on the investments made, although it is not measurable in the short term, so there is a certain level of uncertainty as to the success of these projects.

Similarly, the creation of new business lines, such as the machinery remanufacturing plant (REVIVER, circular economy project) or the sustainable last mile delivery business (Inquieto), require a high initial outlay and obtaining a return on investment hinges on fulfilling the business plan. As these are new products, with which the Group has less experience, there is a certain degree of uncertainty as to whether the set objectives will be met, which could require higher-than-estimated resources, or generate lower-than-expected revenue levels.

The Group has control and analysis procedures in place to monitor key indicators, and any deviations from its feasibility plans and budgets.

Although no such risks have materialised to a significant degree as yet, the Group cannot guarantee that they will not arise in relation to ongoing projects or other projects that the Group may undertake in the future.

Changes in market, technology or regulatory requirements.

The emergence of new products and technologies to manufacture them, as well as changes in demand or existing regulations, could require higher-than-anticipated investments to update the Group's product portfolio.

Current trends in sustainability have already led to regulatory changes - with greater requirements and restrictions on activities with an environmental impact - and sustainable practices being promoted. The machine rental and sales industry is experiencing a growing demand for electric or zero-emission equipment to replace diesel-powered equipment, both from its customers and due to environmental regulation requirements.

At present, some of the equipment available on the market still requires fossil fuels such as diesel to operate, although sustainability trends could lead to some existing machines becoming obsolete and require new equipment to be purchased, thus increasing costs for the GAM Group.

Additionally, there is an added risk of manufacturers lacking the capacity to produce zero-emission or clean energy equipment to meet this demand for a green transition.

At year-end, zero-emission equipment accounted for 82,1% of GAM's whole fleet.

Moreover, the GAM Group's operating model consists of purchasing and leasing machinery, with a focus on optimising fleet utilisation. The capital-intensive asset base of GAM's commercial operations may limit GAM's ability to respond to unexpected changes in market conditions, due to limited opportunities to quickly adapt its rental fleet.

GAM cannot guarantee that it will be able to meet the expectations of its customers, the demands of society and any regulatory changes. They may have an adverse effect on the GAM Group's business, earnings or financial position.

Risks arising from being affiliated with officially distributed brands.

The GAM Group is the official distributor of certain makes of machinery in different territories, in some cases exclusively, for example, Hyster in the whole of Spain, Morocco and Portugal, or Yale in Spain and Portugal.

In these cases, the Group devotes efforts and resources to promoting sales or rentals of these brands of equipment over others, thus building a certain degree of customer loyalty to these brands, and also a level of knowledge of/familiarity with the products being offered by the sales network.

Distribution agreements set sales targets for the distributor, and also contain a number of contract clauses which are binding on both the distributor and the manufacturer.

GAM carries out the necessary internal procedures to ensure compliance with these clauses and targets, but it cannot preclude that, for reasons beyond GAM's control, at some point in the future this brand will cease to be attractive to the market and therefore damage GAM's business, or that it will fail meet the set targets.

Similarly, although GAM maintains good communication and relations with the manufacturers for which it is a distributor, the Group cannot guarantee that the terms of the agreements will be fulfilled by the manufacturer in the long term, which could lead to the termination of such distribution agreements and, consequently, have a negative impact on the business, earnings or the financial, economic or equity position of GAM and its Group companies.

Delays in manufacturing and delivery.

The crisis affecting raw materials and supplies is causing worldwide shortages and delays in delivery times. This crisis is having an impact on GAM's operations, where the distribution business and a large proportion of long-term rental contracts, sales and purchases depend on newly-manufactured equipment.

Delays in delivery times, in some cases exceeding 4 months, not only lead to a lags in revenue generation, but also to the loss of some contracts, or to customers seeking alternatives, such as short-term rentals of used equipment.

Similarly, the non-availability of components could lead to equipment downtime in rental agreements, because certain components or spare parts are required to repair faults, and this in turn may lead to a fall in revenue or some contracts being terminated.

At the time of preparing this Directors' Report, the Group has not seen its business, earnings or the financial, economic and equity position of the GAM Group companies adversely affected by these delays in equipment deliveries.

Cost volatility.

Some expense items, such as the cost of purchasing equipment, materials used for repairs and maintenance, transport and fuel, are inputs that depend on the price of raw materials (e.g. steel or fuel). Similarly, a widespread increase in the price of supplies (gas and electricity, among others) has an indirect impact on the rising costs that the GAM Group has to meet to carry out its operations.

These rising costs would have an impact on profitability or earnings, if these price increases were not passed on to the rental, maintenance or selling price of the machinery.

The Group has internal procedures in place to monitor costs and adjust selling prices, as well as price review clauses in long-term service agreements.

At the time of drafting this Directors' Report, the Group's margins have not declined significantly as a result of the widespread increase in prices caused by the crisis affecting raw materials, components and supplies, although it cannot guarantee that, in the long term, price volatility will not have a negative impact on the business, earnings or the financial, economic and equity position of the GAM Group's companies.

Outflow or shortage of key talent or problems attracting new talent.

GAM is highly dependent on certain key personnel. The Company and its Group require highly skilled professionals who can handle a variety of tasks in a very efficient and effective manner. Certain positions that are essential for the GAM Group require technical and commercial expertise that is scarce in the market.

2 This is compounded by the fact that the GAM Group's operational headquarters (i.e. the shared services centre) are located in Asturias, where the entire management team works, where the labour market is far tighter than in Spain's major economic hubs. It has an older population and is less attractive when it comes to capturing and retaining talent due to its smaller geographic size and more limited resources.

Moreover, in order to grow, GAM will require additional staff with specific training and geographic mobility. Some positions require very specific types of professionals who are difficult to attract and retain, such as sales managers, who must be familiar with the business in question (these businesses also often require customer loyalty) and the markets in which they operate, and qualified technical staff, who are responsible for repairing and maintaining the machinery.

Thus, having skilled workshop technicians is essential for the GAM Group's business, both domestically and globally, since workshop supervisors are responsible for ensuring that the machines are available for use by customers, repaired or serviced in the shortest possible time, while meeting the technical requirements of each type of machine, and thus providing support to the different sites, which require this machinery to be repaired and serviced in order to rent it out and provide a service to customers. Workshop supervisors not only require resources to be invested in training, they also require a certain amount of experience, which is why failing to retain this talent at GAM could have a direct negative impact on the units of machinery available for hire and, consequently, on the volume of sales..

The Group has implemented policies aimed at retaining and attracting talent, such as training plans (GAM Campus), talent mapping, performance appraisals, or the in-house StartheGame channel for employee recognition and opportunities. The Group is also working on a succession plan, aimed at ensuring business continuity in the event of key personnel becoming unavailable.

GAM cannot guarantee that its management team or the senior managers of its functional departments or international divisions will be retained or remain in post, nor can it guarantee that the Group will be able to bring in external talent to replace them should they leave.

A failure to retain the services of key members of the Group's management team in its functional operations in Spain and overseas subsidiaries, and its inability or difficulty in attracting and retaining skilled workers, would have a negative impact on the GAM Group's business, earnings and financial position, more so than other companies due to its geographic location and dependence on technicians who are difficult to recruit.

[2] Source: Spanish National Statistics Institute (INE).https://www.ine.es/jaxiT3/Datos.htm?t=1452#!tabs-tabla

Failures in management and information systems. Cyber risks.

GAM is highly dependent on Enterprise Resource Planning (ERP) systems, which support all of the GAM Group's operational processes.

Any failure of its management systems, whether due to internal or external causes (cyberattacks, viruses, etc.), would jeopardise the continuity of the GAM Group's operations, which would have a negative impact on the GAM Group's business, earnings and financial position.

The GAM Group also holds information that is sensitive, both commercially and from a data protection perspective (customers, suppliers, employees, etc.). In order to mitigate the risk of a potential cyberattack, the GAM Group has introduced the following measures: installation of numerous protective measures on its computers (e.g. firewalls, antivirus software, malware software and traffic monitoring); data centre outsourcing; and implementing strategies to recover personal data and confidential information and minimise downtime in the event of IT system failures.

Information leakage.

The information available on customers, suppliers, pricing strategies, strategic decisions, etc., is crucial in the competitive environment in which GAM operates, and any leakage of such information could harm the business, especially if this information is obtained by competitors.

Additionally, GAM obtains sensitive information in the course of its M&A transactions, which is safeguarded by signing confidentiality agreements. Occasionally, closing a deal, or the terms of a deal, may depend on the information being duly protected.

Furthermore, GAM's Management may be in possession of inside information which has not been disclosed to the market and could affect share prices if it were.

The GAM Group believes that it has adequate mechanisms in place to safeguard the confidentiality and safekeeping of the information in its possession, and to comply with the Data Protection Act, although it cannot guarantee that important information will not be leaked in the future by employees or due to failures in the IT systems (see section on "cyber risks").

Accidents.

The nature of GAM's operations means that there are risks of accidents involving equipment or property, people or the environment.

With regard to its equipment or property, the Group has insurance policies to cover any claims or accidents that may arise in the course of its operations, or in the event of natural disasters or other events that could cause material losses.

In terms of staff, the Group has implemented all the measures required by occupational health and safety legislation, as well as additional measures and procedures that are handled by a dedicated in-house department. The Group has also taken out liability insurance to cover this type of unforeseen event.

In terms of environmental incidents, the GAM Group's operations do not pose a significant environmental risk, but it does use hazardous products to clean and maintain equipment, generate hazardous waste and wastewater from equipment cleaning, and store and distribute petroleum products from underground and above ground storage tanks at certain sites. As a result, like other companies engaged in similar businesses that need to handle, use, store and dispose of regulated materials, it must comply with environmental health and safety laws and regulations.

Environmental laws impose obligations and liabilities with regard to cleaning up leaks or releases of hazardous substances. These liabilities may be imposed on the parties that generate or dispose of such substances or the operator of the property concerned, often without regard to whether the owner or operator was aware of, or responsible for, the presence of hazardous substances. Accordingly, GAM may be liable, either by contract or by operation of law, for any remediation costs, even if a contaminated property is not owned by GAM, or if the contamination was caused by third parties during or prior to ownership or operation of the property.

There can be no guarantee that previous assessments or surveys have identified all potential instances of soil or groundwater contamination. It is possible that future events, such as regulatory or policy changes, or the discovery of contamination that has not hitherto been identified, may give rise to additional remediation liabilities, which may be material.

Although expenditure related to environmental and safety compliance and/or remediation has not been significant to date, the GAM Group has made and continues to make capital and other expenditures to comply with the law and regulations. However, the requirements outlined in such laws and regulations are complex, change frequently and may become more stringent in the future. The GAM Group may not comply with all of these requirements at all times, and may be subject to potentially significant civil or criminal fines or penalties for continued non-compliance. New regulatory requirements or interpretations or additional liabilities arising in the future may have a material adverse effect on the GAM Group's business, financial position and earnings.

Internal communication problems.

The Group operates in territories with significant cultural and language differences. The languages used in the Group's operations management are mainly Spanish, Portuguese, French, English and Arabic.

The offshoring of some of the Group's services in the Shared Services Centre and localised decision-making in the central offices in Spain could cause problems in channelling information, in disseminating the Group's guidelines, or in implementing internal policies and procedures, as well as in decision-making, which should be tailored to the social and cultural situation in each territory.

At the time of preparing this Directors' Report, no situations have come to light in which these differences have had a significant impact on the business, although in the future they could result in greater resources being used, or in decisions that may have a negative impact on a specific territory where the Group operates.

Ownership concentration.

At the time of preparing this Directors' Report, the Group's majority shareholder is Orilla Asset Management S.L. (acquiring company of Gestora de Activos y Maquinaria Industrial, S.L. "GAMI") with a direct shareholding of 43,24% of GAM's share capital. Orilla Asset Management S.L., in turn, is an asset management vehicle through which Francisco José Riberas Mera is the sole director and majority shareholder, holding shares that represent 99,999% of its share capital.

In this regard, it should be noted that, as of the date of this Basic Information Document, Francisco José Riberas López, Mónica Riberas López and Patricia Riberas López, children of Francisco José Riberas Mera, together hold an indirect interest of 15% of GAM's share capital through various entities.

Their aggregate indirect interest in the share capital of GAM would be 58,24%, which means that they could exercise significant influence over the management of the Group, and over making decisions that require the approval of the Annual General Meeting, and their interests could differ from those of other shareholders or from those of the Group itself.

However, in order to ensure that there is no abuse of control, neither Francisco José Riberas Mera, Francisco José Riberas López, Mónica Riberas López, Patricia Riberas López nor the vehicles through which they hold their indirect interests in the share capital of GAM are executive directors of GAM, nor have they been granted powers of attorney by GAM. Furthermore, three of the six directors who are members of the Board of Directors of GAM at the time of this Directors' Report are independent directors.

Share prices.

As GAM is a listed company on the Spanish Stock Exchange, its ability to raise funds is linked to the price of its shares on the stock market.

Although the value of the Company's shares has been relatively stable in recent years, GAM cannot guarantee that present or future events will not lead to changes in the value of its shares and therefore have an impact on the Group's ability to raise funds in the capital markets.

Legislative or contractual non-compliance.

In the course of business, GAM enters into a large number of various types of contracts and is subject to the legal regulations of each of the territories in which it operates.

The Group has appropriate mechanisms in place to ensure that it meets its current obligations. To this end, in addition to having various legal, tax, commercial, etc. experts on its staff, it has engaged the services of reputable advisors, who provide consultancy services and ongoing updates. The Group has also taken out public and commercial liability insurance policies to cover its day-to-day operations.

However, the Group cannot guarantee that future events will not give rise to legal or contractual breaches that could have a material impact on the Group's earnings or financial position.

The Group is currently involved in lawsuits or legal claims, most of which arise in the ordinary course of business, although their outcome is uncertain and cannot be determined with any certainty. These legal disputes arise mainly from dealings with customers, suppliers and employees, but also from its business activities. At the date of writing this Directors' Report, there are no pending legal or arbitration proceedings against the Group that could materially affect the Company's business, financial position or earnings.

Furthermore, the Group's business is exposed to potential liability risks, especially in countries where the costs associated with product liability claims can be particularly high.

Consequently, the Group could face claims that would result in liabilities that exceed the provisions made and the amounts covered by the relevant insurance policies. However, the Group has a highly diversified range of machinery rental services, which is an important risk mitigating factor.

Fraud.

Monitoring compliance with anti-money laundering, anti-terrorist financing and anti-bribery regulations can create a financial burden for the Group, as well as significant technical problems. Although the GAM Group believes that its current policies and procedures are sufficient to comply with the applicable regulations, it cannot guarantee that its anti-money laundering, anti-terrorist financing and anti-bribery policies and procedures will not be circumvented or are sufficient to entirely prevent money laundering, terrorist financing or bribery. Any such event could have serious consequences, including civil and criminal penalties, fines and significant reputational damage, which could have an adverse effect on the Group's business, financial position, earnings and the future prospects of the Group as a whole.

Reporting errors.

The Group bases its strategic and operational decisions on the quantitative/qualitative and financial/non-financial information available to it.

The Group has put in place internal policies and procedures aimed at ensuring the quality of the information available, so that it provides a strong basis for sound decision making.

Additionally, the Group has an Internal Audit department that regularly reviews these procedures to ensure that the controls are adequate and effective and that the information available is reliable and free from material misstatement.

With regard to the information reported to the market, the Group engages audit firms of renown in Spain and abroad to audit the financial statements and check non-financial information; their review procedures are very strict and ensure the veracity of the information available to investors and other stakeholders.

However, employees circumventing certain procedures could lead to reporting errors, and consequently to errors in decision making, although the Group believes that it has an adequate control environment and that such errors, if they occur, would not be material.

Reputational risk.

The Group is exposed to the risk of damage to its image and reputation due to a breach or negligent performance of contracts that gains public attention, non-fulfilment of legal requirements, damage to property or persons, social and labour disputes or any other issue that is deemed significant by the public and the markets.

Whether warranted or otherwise, reputational damage, negative publicity or adverse public opinion stemming from the Group's activities or, more generally, certain industry players, could have a material adverse effect on the Group's business, earnings and financial position.

Financial risks.

The Group's businesses are exposed to various financial risks: interest rate risk, credit risk and impairment of financial assets, liquidity risk and foreign exchange risks. The Group's Finance Department controls the above risks according to the instructions provided by the Board of Directors. Its decisions are overseen and approved by the Board of Directors.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. The Group's financing costs were impacted in 2023 by, firstly, the increase in interest rates on new fixed-rate agreements and, secondly, on existing floating-rate agreements. However, these increases were taken into account in the 2023 budget and will also be taken into account in the 2024 budget. The Group expects interest rates to level off in the coming years to pre-2023 levels.

Environment

The Company has adopted the measures it has deemed necessary to protect the environment and minimise any potential environmental impact that the Group's activities may have, as required by the legislation in force.

Research and development

No significant investments were made in this area during 2022 and 2021.

Treasury share transactions

As at 31 December 2023, the company holds 359,246 treasury shares (49,681 treasury shares as at 31 December 2022).

Human resources

As at 31 December 2023, the GAM Group has 1,815 employees (1,338 as at 31 December 2022), representing an increase of 36% on the December 2022 figures.

Events after the reporting period

On 18 January 2024, the Constitutional Court published a briefing note announcing its ruling in which it unanimously declared certain corporation tax (IS) measures introduced by Royal Decree-Law 3/2016, of 2 December, adopting tax measures aimed at consolidating public finances and other urgent social measures, to be unconstitutional.

This ruling is only applicable to tax returns that had been challenged at the date of the ruling or to self-assessments for which corrections had been requested.

At the time of preparing these consolidated financial statements, the GAM Group has not recorded any changes relating to the above ruling. However, the impacts that are to be accounted for in 2024 are being analysed.

The Group's credit risk arises mainly from trade accounts payable and there is no significant concentration of credit risk in the balances of these accounts. A significant proportion of sales are made to listed companies or reputable companies. Sales to smaller customers or those with low credit ratings are insured, on a case-by-case basis, and the insurer is liable for 95% of the possible risk of non-payment of those that are insured.

On a monthly basis, the Finance Department analyses the financial debt repayment schedule and the corresponding short- and medium-term liquidity needs, and manages its financing resources on this basis.

Growth investing (beyond the refurbishment of machines) requires high levels of investment, the return on which is obtained over the life of the machinery, and as a result, the Group regularly uses sources of finance with long-term maturities.

To finance working capital, the Group has secured long-term credit facilities with various financial institutions, enabling it to obtain immediate funds. Similarly, the Group has the capacity to generate cash flows from its operating activities.

Non-financial information statement

The Non-Financial Information Statement for 2023 has been attached to this Directors' Report and forms an integral part hereof, as required by article 538 of the Spanish Corporations Act.

Annual corporate governance report

The Annual Corporate Governance Report for 2023 has been attached to this Directors' Report and forms an integral part hereof, as required by article 538 of the Spanish Corporations Act

Annual directors' remuneration report

The Annual Directors' Remuneration Report for 2023 has been attached to this Directors' Report and forms an integral part hereof, as required by article 538 of the Spanish Corporations Act.

ANNEX I : ALTERNATIVE PERFORMANCE MEASURES (APMs)

Alternative performance measures (APMs)

The GAM Group's financial information contains figures and measures prepared in accordance with the applicable accounting standards, and a number of other measures prepared in accordance with reporting standards that have been established and developed internally, which are referred to as Alternative Performance Measures (APMs).

These APMs are adjusted figures obtained from figures that have been reported in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU), which is the accounting framework applicable to the consolidated financial statements of the GAM Group, and the reader should therefore regard the former as complementary to, but not a replacement for, the latter figures.

APMs are important to users of financial information since they are the measures used by GAM's Management to assess the Group's financial performance, cash flows and financial position for operational or strategic decision making.

As well as being financial measures, in accordance with IFRS-EU, these measures are used to set budgets and targets and to run businesses, to assess the operating and financial performance of businesses and to compare that performance with previous periods and with the performance of competitors.

Therefore, in accordance with the Guidelines issued by the European Securities and Markets Authority (ESMA), in effect since 3 July 2016, on the transparency of Alternative Performance Measures, GAM has provided information below on the APMs that it considers to be material in the information disclosed for 2022 and 2021.

Accounting EBITDA: this is calculated by taking the following items from the consolidated income statement: "Recurring income", plus "Other income", less "Procurement", less " Staff costs", less "Other operating expenses", plus "Profit (loss) on investments accounted for using the equity method", plus "Negative goodwill on business combinations".

Non-recurring non-financial expenses: this is calculated by adding the expenses arising from staff restructuring, non-financial expenses associated with debt refinancing, expenses relating to stock options and expenses associated with the cessation of activity linked to a geographical area or line of business.

Non-recurring expenses: this is calculated by adding the non-recurring non-financial expenses defined above to the financial expenses associated with debt refinancing.

Recurring EBITDA: is defined as accounting EBITDA plus the non-recurring non-financial expenses defined above.

Operating investments or CapEx: amount corresponding to additions to property, plant and equipment and rights of use relating to machinery, adjusted for additions to property, plant and equipment other than machinery.

Adjusted net financial debt: is calculated by taking the following items from the consolidated balance sheet: "Short and long-term borrowings and other financial liabilities", plus "Lease liabilities", less " Loan arrangement costs - refinancing", less "Operating lease liabilities recognised according to IFRS 16", less "Payables under repurchase agreements according to IFRS 15", less "Payables to suppliers of property, plant and equipment financed", less " Bonds", less "Deferred payments for company acquisitions", less "Capitalised interest payable" and less "Cash and cash equivalents".

Adjusted net income attributable to the parent company: this is calculated by adding the financial expense associated with convertible debt, exchange differences and other non-recurring items with no cash component to the profit (loss) attributable to the parent company.

	Thousands of euros	
	31 December 2023	31 December 2022
(+) Recurring revenue	280,855	223,239
(+) Other revenue	12,786	10,532
(+) Procurement	(105,537)	(80,622)
(+) Staff costs	(67,954)	(52,731)
(+) Other operating expenses	(48,107)	(42,269)
(+) Negative goodwill on business combinations	810	-
(+) Profit (loss) on investments accounted for using the equity method	12	(273)
Accounting EBITDA	**72,865**	**57,876**

	Thousands of euros	
	31 December 2023	31 December 2022
(+) Staff restructuring costs	(341)	(286)
(+) Non-financial expenses associated with refinancing	(74)	(107)
(+) Other non-recurring expenses	(374)	(70)
(+) Stock options	-	-
Non-recurring non-financial expenses	**(790)**	**(463)**
(+) Non-recurring financial expenses	(230)	(247)
Non-recurring expenses	**(1,020)**	**(710)**

	Thousands of euros	
	31 December 2023	31 December 2022
(+) Accounting EBITDA	72,865	57,876
(+) Non-recurring non-financial expenses	790	463
Recurring EBITDA	**73,655**	**58,339**

		Thousands of euros	
		31 December 2023	31 December 2022
(+)	"Borrowings and other financial liabilities"	224,639	200,608
(+)	"Lease liabilities"	112,308	83,026
(-)	Loan arrangement costs - refinancing	895	1,011
(-)	Payables under repurchase agreements, according to IFRS 15	(16,715)	(15,656)
(-)	Payables to suppliers of PP&E financed	(4,885)	(8,745)
(-)	Deferred payments for company acquisitions	(11,087)	(1,877)
(-)	Capitalised interest payable	(622)	(308)
(-)	Bonds	(48)	(49)
(-)	Cash and other cash equivalents	(39,084)	(57,541)
Total net financial debt		**265,401**	**200,469**
(-)	Operating lease liabilities recognised according to IFRS 16	(18,476)	(19,863)
Adjusted net financial debt		**246,925**	**180,606**

	Thousands of euros	
	31 December 2023	31 December 2022
(+) Additions to PP&E	65,353	46,066
(+) Additions to right-of-use assets, machinery	31,385	14,126
(-) Additions to other PP&E and other movements	(20,932)	(10,455)
Operating investments or CapEx	**75,806**	**49,737**

	Thousands of euros	
	31 December 2023	31 December 2022
(+) Profit (loss) attributable to the parent company	9,069	7,660
(+/-) Financial expense (income) - convertible debt	-	-
(+/-) Financial expense - exchange difference	(641)	(413)
(+) Non-recurring impairment losses for the year	-	-
(+/-) Other non-operating adjustments with no impact on cash	-	-
Adjusted net income attributable to the parent company	**8,428**	**7,247**

Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

ANNEX II: NON-FINANCIAL INFORMATION STATEMENT

Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

KPMG

General de Alquiler de Maquinaria, S.A.

Independent Assurance Report on the Non-Financial Information Statement (NFIS)

31 December 2023

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

KPMG Auditores, S.L.
Paseo de la Castellana, 259C
28033 Madrid

Independent Assurance Report on the Non-Financial Information Statement of General de Alquiler de Maquinaria, S.A. for 2023

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of General de Alquiler de Maquinaria, S.A.

Pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the accompanying Non-Financial Information Statement (hereinafter NFIS) of General de Alquiler de Maquinaria, S.A. (hereinafter the Company) for the year ended 31 December 2023, which forms part of the accompanying Directors' Report of the Company for 2023 .

The NFIS includes additional information to that required by prevailing mercantile legislation concerning non-financial information, which has not been the subject of our assurance work. Our work was limited exclusively to providing assurance on the information identified in the "Information required by Law 11/2018" table included in the NFIS attached hereto.

Directors' Responsibility

The Directors of the Company are responsible for the content and authorisation for issue of the NFIS included in the Company's Directors' Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) based on each subject area in the "Information required by Law 11/2018" table of the aforementioned NFIS.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The Directors of the Company are also responsible for defining, implementing, adapting and maintaining the management systems used to obtain the information required to prepare the NFIS.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) of the International Ethics Standards Board for Accountants (IESBA Code of Ethics), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1 (ISQM1), which requires the firm to design, implement and operate a quality management system that includes policies and

Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed.[1] We conducted our engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised)), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Company that participated in the preparation of the NFIS, reviewing the processes for compiling and validating the information presented in the NFIS and applying certain analytical procedures and sample review tests, which are described below:

- Meetings with the Company's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS for 2023 based on the materiality analysis performed by the Company and described in the section "Identifying material sustainability issues", considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2023.
- Review of the information related to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2023.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2023 and whether it has been adequately compiled based on data provided by the information sources.
- Procurement of a representation letter from the Directors and management.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of General de Alquiler de Maquinaria, S.A. for the year ended 31 December 2023 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and selected GRI Standards and based on the content indicated for each subject area in the "Information required by Law 11/2018" table included in the aforementioned NFIS.

Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and the delegated acts promulgated in accordance with this Regulation, stipulate the obligation to disclose information on how and to what extent the undertaking's activities are associated with eligible economic activities relating to the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems (the other environmental objectives), and relating to certain new activities included in the objectives of climate change mitigation and adaptation. This obligation applies for the first time for the 2023 fiscal year, in addition to the information related to eligible and aligned activities required in 2022 associated with the climate change mitigation and climate change adaptation objectives. Consequently, no comparative information on eligibility has been included in the Report in relation to the other environmental objectives listed above or to the new activities included in the 15 climate change mitigation and climate change adaptation objectives. Furthermore, inasmuch as the information on 2022 was not required to be as detailed as in 2023, the disclosures included in the Report are not strictly comparable. Additionally, the Directors of the General de Alquiler de Maquinaria, S.A. have included information on the criteria that, in their opinion, enable them to comply better with the aforementioned obligations, which are defined in the "European Taxonomy of Environmentally Sustainable Activities" section of the accompanying Report. Our conclusions are not modified in respect of this matter.

Use and Distribution

In accordance with the terms of our engagement letter, this Report has been prepared for General de Alquiler de Maquinaria, S.A. in relation to its 2023 Sustainability Report and for no other purpose or in any other context.

In relation to the Consolidated NFIS, this report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Auditores, S.L.

(Signed on original in Spanish)

This report corresponds to stamp number 01/24/01651 issued by the Spanish Institute of Registered Auditors (ICJCE).

Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

NON-FINANCIAL INFORMATION STATEMENT

2023

Comprehensive solutions for industry

INTRODUCTION

Milestones of the year

January

Development of the *GAM Innovation Lab* R&D&I Centre

February

Sustainability-linked promissory note programme for up to €50M listed in the MARF.

March

Carretillas Mayor joins the GAM Group.

July

OZMAQ joins the GAM Group.

October

GAM joins the US Chamber of Commerce in Spain.

November

REVIVER remanufacturing plant opened.

2023 in figures

€73,7 million EBITDA(*)

€280,9 million sales (*)

*figures based on financial statements for 2023

"Our commitment and dedication have fuelled a 26% increase in EBITDA and sales compared to FY2022"

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Our goal is to continue consolidating our growth path, focusing our efforts on promoting services linked to long-term contracts, and on increasing our low-capital-intensive businesses. We are targeting recurring, stable and global business, with added value and tailored to the specific needs of our customers in the different industrial sectors in which they operate.

WHAT IS GAM?

General de Alquiler de Maquinaría (hereinafter GAM) is a Spanish company with a global presence that was founded in Asturias in 2003 and specialises in providing global services related to machinery (load handling, handling, industrial, energy, etc.). We stand out by offering comprehensive solutions to our customers through our ten lines of business.

Our headquarters *are in* Granda (Asturias)*, the largest of our work centres, not only in terms of the number of employees, but also because of the technical and operational capacity of our facilities.*

In 2006*, we became the first company in our sector to be listed on the Continuous Market of the Madrid Stock Exchange, and the following year we embarked on a path of global expansion, especially in Latin America and North Africa, leading us to become a multinational with a presence in four continents and several markets besides Spain: Portugal, Morocco, Mexico, Chile, Peru, Colombia, the Dominican Republic and Saudi Arabia.*

Our multidisciplinary approach to business, coupled with our global presence and specialist service, have helped the company to gain a reputation as a market leader.

The company's core strategies *and key objectives* are as follows:

- To establish ourselves as a provider of increasingly complex and outstanding comprehensive services, offering our customers the flexibility that comes with outsourcing our non-core activities and delivering the most innovative services.
- A value proposition based on our entire service portfolio: rentals, energy, industry, modular structures, events, distribution, trading, training, robotics and after-sales.
- To continue to grow our machine distribution business through agreements with leading brands in the sector.
- Standardisation of the business in all markets where GAM is present.
- Efficiency improvements and process digitisation.
- *Data-driven* approach.
- Consolidating our sustainability strategy through the following initiatives:
    - Promoting the circular economy through our Reviver remanufacturing plant.
    - Consolidating our zero-emission solutions business in the last mile sector (Inquieto).
    - Supporting decarbonisation by continuously shifting our fleet towards zero-emission machines.
    - Upskilling professionals through KIRLEO, our vocational school.

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GAM around the world

We currently operate in the following countries.

- Spain
- Portugal
- Morocco
- Mexico
- Chile
- Peru
- Colombia
- Dominican R.
- Saudi Arabia

FIGURE 1: GAM AROUND THE WORLD

The Company has 121 outlets worldwide.

Our values

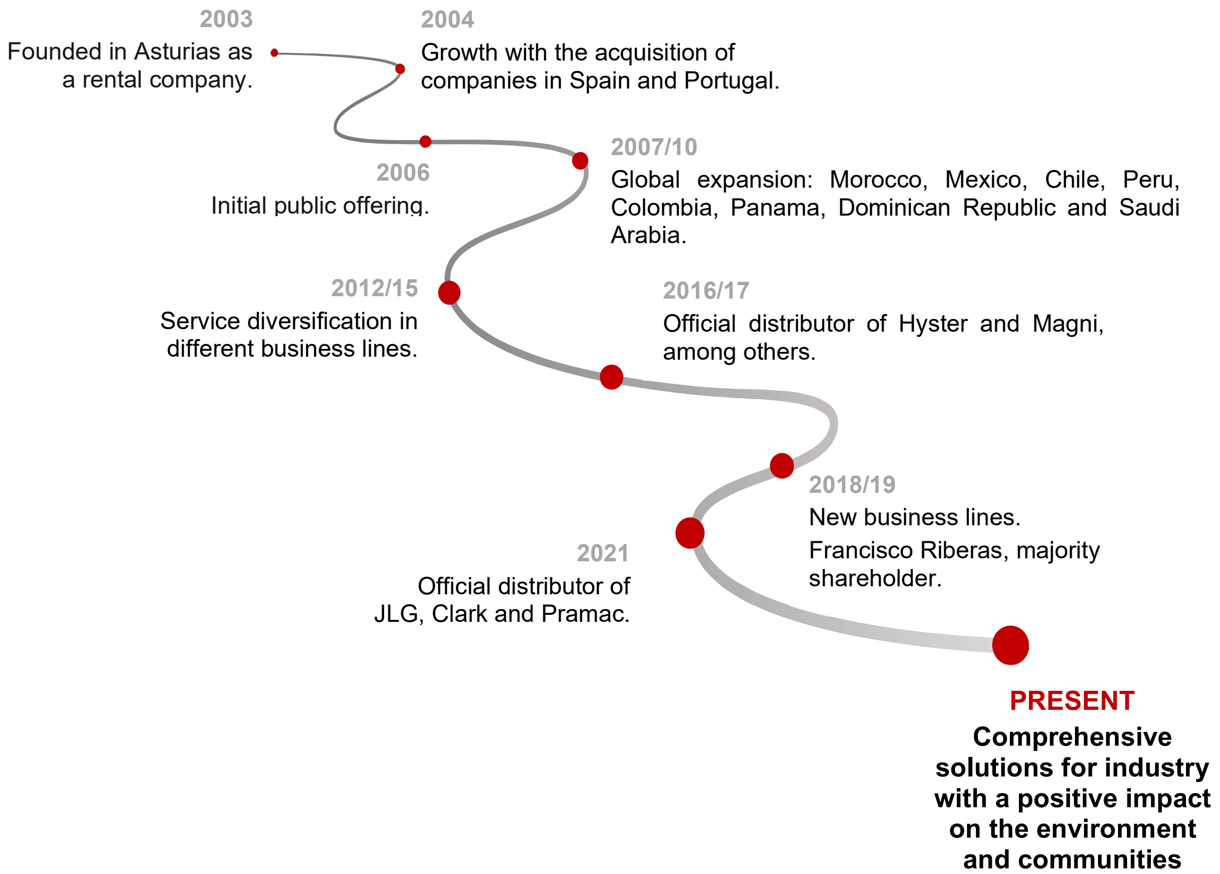
Throughout GAM's history, honesty, transparency, commitment and excellence have been our core values in everything we do.

Within this context, it is the people in the Company who make the difference when it comes to delivering our service, as we operate within a framework of sustainability and innovation.

History and purpose

Our main objective as a company is to create a differential and comprehensive value proposition that will make us a key strategic partner for our customers, actively listening to their needs and providing them with solutions that, in turn, help us to grow and diversify our business, always based on the values of transparency, commitment and honesty for which we have been known since our inception. We are a collaborative, innovative and committed company.

Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails



To achieve this goal, we have invaluable support in our daily operations: on the one hand, from our partners, our preferred partners, and those companies and machine manufacturers that are an integral part of GAM's range of products and services. And, on the other hand, our suppliers, with whom we enjoy a close partnership that we seek to maintain over time, based on the values of collaboration and mutual trust.

Our vision is to be the best global industrial services partner for our customers, delivering value and meeting every need, having a positive impact on the environment and the communities in which we operate.

We have a well-integrated service model that offers a high value proposition for our customers, with outstanding, tailored engagement that meets their requirements and needs.

Driven by the challenge of positioning ourselves at the forefront of innovation in our sector, at GAM we devote a great deal of effort to analysing, exploring and developing new solutions for the industry as a whole. As such, innovation, i.e. thinking outside the box to tackle different challenges, is the foundation upon which our strategy for the future is based, with digitisation and sustainability as the key pillars driving our growth along the path towards a new era in industry: one that is more sustainable, more digital, and more people-oriented.

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Having detailed information about our business activities and their key indicators plays a crucial role in helping us to increase our competitiveness and optimise our decision-making processes. This is why we created *GAM Digital*: a plan that will enable us to be a *data-driven* company, where data is placed at the forefront of the decision-making process.

As a result of this plan, GAM has identified a total of *85 initiatives* grouped into *46 projects* that will be implemented between now and the *second half of 2024*, optimising efficiency in all areas of the company and taking a further leap forward as a collaborative and innovative company.

Range of solutions

We are a leading machinery rental company, but our core business spans many other areas. We have become a strategic partner for the industry by listening to our customers' needs and offering comprehensive services that deliver a unique value proposition.

In this sense, we have 10 business units: machinery rental, energy, fleet maintenance, modular buildings, events, distribution, machine trading, training, mobile robotics and drones, and last mile services.

Through these, we offer a wide range of services to industries as diverse as: logistics, the food industry and distribution, automotive, renewable energies, aeronautics, chemicals, metallurgy and facility services, among others.

To deliver these solutions, we handle a large number of machines, around *40,000* units, including lifting, load handling, handling and energy supply equipment. GAM offers a comprehensive machinery rental service to meet all needs, through a one-stop shop system that provides commercial and technical advice from a single point of contact, including additional services such as maintenance, operator training and sales and purchasing, and providing a specialised technical service through a network of *81 sites, 800 technicians and 350 mobile workshops.*

We carry out comprehensive energy projects, ranging from supplying generator sets, compressed air equipment, air conditioning systems and air handling units, to designing and optimising facilities, certifying them, assembling and dismantling them, an on-call service, refuelling management, and even performance and results reporting.

We also offer initiatives for the optimised management of machine fleets through technical studies, the implementation of internal and external logistics projects, industry 4,0, and process improvements (robotics, automation, AGV). We offer a round-the-clock technical support service, equipment upgrades, either by purchasing and then leasing equipment or by replacing machinery for new production needs.

We provide training services for the self-employed, employees and individuals, with over *300 courses a month*. Our training is certified. We have professional trainers and OHS experts, who ensure that workers gain specific knowledge about the equipment they are handling in order to increase the efficiency of work processes, minimise the risk of accidents and optimise the upkeep of equipment and facilities.

Within our energy vertical, we carry out projects that include the installation of generator sets, compressed air equipment, air conditioning systems and air handling units. We offer a full range of services, from the design and optimisation of facilities, certification, assembly and dismantling, an on-call service and refuelling management, to producing performance reports and analysing results.

We are distributors of the top brands in the machinery sector, covering a wide variety of equipment ranging from forklift trucks, front-end or rotary telescopic handlers, scissor lifts and lifting platforms, to mobile cranes and cleaning equipment. We have the most complete range on the market, including the leading global brands such as Hyster, Yale, Magni, Oil&Steel, Bravi, Valla, Tecna, Logitrans, JLG, Clark, Pramac, Takeuchi...among others.

We offer trading services through our GAM Online portal (online.gamrentals.com), providing the opportunity to buy or sell second-hand machinery for various sectors, supported by our sales network. Additionally, we arrange machinery maintenance programmes tailored to the needs of each customer, offering technical and commercial advice.

OUR RESPONSIBLE MANAGEMENT MODEL

Responsible management model

Identifying key aspects of sustainability

Our responsible management model is based on identifying the potential sustainability impacts and risks that our activities could have, as well as the impact these risks have on our business. Based on what we identify, we develop and implement various commitments, policies, management procedures and mitigation measures in response.

To this end, performing a materiality assessment is essential to understand stakeholder expectations, plan an appropriate response and make commitments not only on economic matters, but also on environmental, social and governance issues.

In terms of materiality, we have not detected any significant changes from the analysis carried out last year, having maintained our focus during this period on the issues identified by different stakeholder groups.

There are three parts to our process:

1. Identifying key aspects of ESG issues
Through an external analysis (standards, analysts, peers/market, media, regulations) and internal analysis (internal GAM information and feedback received from stakeholders), we determine which ESG issues may be material for our stakeholders and for GAM.

2. Assessment of material issues
In order to prioritise each issue, the Management Committee and heads of key areas are asked to assess the issues with respect to:

- Importance within the business (in terms of fulfilling the business plan).
- Reputational importance (in terms of the reputational impact on the company i.e. likely loss of reputation as perceived by stakeholders).
- Current degree of management of each issue (with the aim of identifying possible GAPs or areas for refocusing).

3. Validation

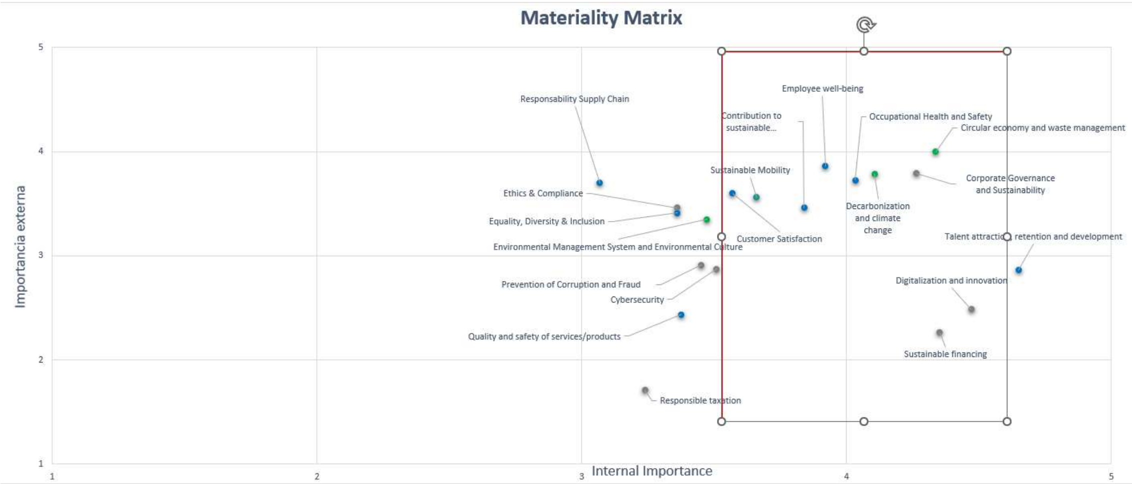
Based on the results of the external analysis and the assessment of business and reputational importance, a dual-axis matrix is obtained:

- Importance/priority for stakeholders.
- Importance/priority for GAM.

Key issues to address in the 3 pillars

Based on the internal and external context analysis, 19 potential material issues were identified for GAM, divided into 3 pillars:

Once the results were obtained, they were analysed and the materiality matrix was created, taking into account the importance score given by the stakeholders, and the risk level established by the Group. The scales we worked with range from 1 to 5, with 1 being of low importance or zero risk and 5 being of the highest risk and importance.



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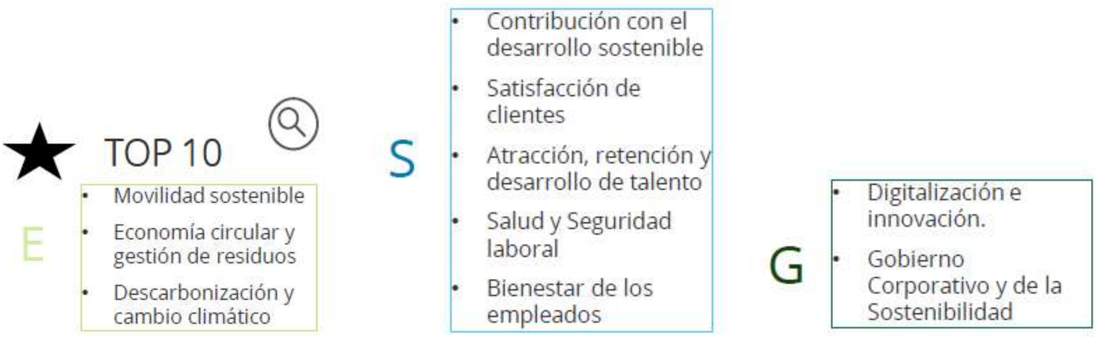
Conclusions of the materiality matrix

Thanks to the results obtained from GAM's stakeholders, we are able to identify the key issues we need to address.



As can be seen, compared to previous materiality assessments, stakeholders are more critical and there are more differences between each of the areas under analysis. This is reflected in the fact that priority scores higher than 3 are less concentrated.

Each of these pillars is examined in detail in the following sections.

- **Environment:** the stakeholders highlighted the importance of sustainable mobility, the circular economy and waste management (most important issue), and decarbonisation and climate change.

- **Social and staff-related issues:** in this area, our contribution to sustainable development, customer satisfaction, attracting, retaining and developing talent, occupational health and safety and employee well-being were highlighted.

- **Governance:** finally, corporate governance and sustainability are critical for the company, which is why it has its own Crime Prevention Model, Code of Conduct and Anti-Corruption Policy.

1st pillar: the environment

Our environmental management

Environmental management is involved at every level of GAM's business management, affecting many aspects of the company: purchasing policy, production, fleet, technical department, workshop, people and culture, etc.

We have an integrated management policy for GAM España which, among other things, outlines the way we operate and our principles with the aim of protecting health and safety and the environment.

GAM's Environmental Management System is prepared, implemented and monitored by the company's Health and Safety and Certification Department, which reports to the Corporate People and Culture Department, analysing the impacts that are detected and advising on the implementation and monitoring of measures aimed at improving environmental management. The Environmental Management System is implemented across the entire business in Spain. Only

19% of our leasable equipment produces emissions, and this percentage is falling thanks to our commitment to clean technologies.

During 2023, the Integrated Management System was audited in accordance with the ISO 14001 standard in the following Group companies: GAM España Servicios de Maquinaria, GAM Training Apoyo y Formación, covering its head offices at Carretera Tiñana, nº1, 33199 in Granda, Siero. The companies RECAMASA and GDH were also audited according to the same standard.

We aim to gradually extend this certification to other Group territories and companies.

Key figures and milestones

% of equipment that does not produce emissions because it is electric or engineless

82.1% 2023

79.8% 2022

Electricity consumption (kWh) [3]

3,388,358 2023

2,948,957 2022

Renewable energy in Spain

99.8% 2023

100% 2022

Diesel consumption (litres) [1]

2,020,514 2023

2,748,105 2022

NOx, Sox, VOCs (t) [1]

5.2 2023

6.8 2022

Scope 1 emissions (tCO_2e) [1,2]

5,941 2023

7,581 2022

Scope 2 emissions (tCO_2e) [1]

258 2023

187 2022

Additionally, we implement other measures to further improve our environmental management.

- **Fleet management.** Renewing our fleet of machines. Improving efficiency, reducing emissions and fuel consumption. Scheduled replacement of older and less environmentally efficient equipment.
- **Renewing our mix of machinery.** Gradually replacing equipment that has combustion engines with electric-powered machines and increasing the number of engineless and hybrid units.

[3] *Information from Arabia is not included.*

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❖ **Remanufacturing plant.** See the next chapter.

Dedicated resources

We currently have eight resources in the Health and Safety and Certification Department, closely monitoring environmental matters.

With regard to environmental risks, we generally put environmental provisions and insurance policies in place, with our public liability insurance covering environmental aspects. The main polices and their amounts are detailed below:

- Environmental and public liability for pollution caused by the machine rental business. Insurance and coverage (sum insured per claim and year of insurance, for each insured centre).
  - Workplace accidents due to pollution: covered.
  - Additional activities including transport: covered.

- Environmental liability insurance:
  - Sum insured per claim, per machine and per year of insurance: 2,000,000 euros.
  - Health and safety and prevention costs: included.
  - Primary, complementary and compensatory remediation costs: included.
  - Cost of decontaminating soil outside of insured site: included.
  - Sub-limit of indemnity per worker (public liability cover for workplace accidents): 300,000 euros.
  - Sub-limit for defence costs incurred by the insured: 20,000 euros.
  - Excess per claim: 4,000 euros.

Helping to combat climate change

We have Environmental Management System indicators that allow us to analyse our consumption of key resources and establish strategies to reduce our consumption. The main indicators are as follows:

(I) Energy consumption analysis. Energy audits are carried out regularly in order to foster and promote measures within energy consumption processes that help us to reduce primary energy consumption and make it more efficient.

In this respect, we have introduced plans to replace the luminaires in Spain, gradually installing LED technology as our preferred lighting.

(II) Water consumption analysis by country. In order to make the data comparable between different countries, the consumption per country is plotted against the machinery in each country. This relationship is considered representative because machine washing operations are the main contributor to water consumption in our sites.

Water consumption (m3)		Ratio of water consumption/fleet units	
27,245	20,109	0.83	0.75

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2023[4] *2022* *2022*[2] *2021*

(III) Fuel consumption analysis. The fuel consumption (red diesel A) per work centre (litres purchased/year and per subsidiary/centre) has been included as a Management System indicator to identify consumption patterns, analyse year-on-year changes in consumption and, where appropriate, establish strategies aimed at optimising consumption.

[2] *Water consumption in Arabia is not included. The information for Spain is made by estimating total consumption based on consumption on the site in Asturias, as this is most representative. The information for Chile is estimated based on the number of units in the machine fleet.*

(IV) Analysis of the source of electricity used, based on the national energy mix.

All renewable energy consumed in Spain is from renewable sources. At present, this is only monitored in Spain, but we are exploring ways to adopt measures that will allow us to report the rating of the energy consumed in all countries in which we operate in the future.

We have launched a project to calculate greenhouse gas (GHG) emissions and to certify emissions, which will allow us to set reduction targets.

In addition to the above analyses, we have established indicators that provide information on the impact that GAM's activities may have on the environment:

a. Calculation of pollutant emissions resulting from the use of fossil fuels: NOx, SOx, VOCs.
b. Carbon footprint. We calculate the emissions resulting from our use of electricity and fossil fuels (Scope 1+2).
c. Our goal is to certify emissions in Spain by 2024.

Sustainable mobility

Inquieto

The "last mile" or "last kilometre" consists of delivering goods to the end customer, which is the most complex step in the whole process. With e-commerce growing at a rate of more than 30%, today's consumers are demanding faster and more efficient delivery. For this reason, our goal is to offer delivery solutions with a key point of differentiation for sellers and their suppliers. This is why Inquieto, a company owned entirely by GAM, was created in September 2020.

We have entered this sector with the aim of offering solutions that not only facilitate the delivery of goods, but also introduce new processes. Making cities healthier, reducing traffic congestion, preventing pollution and disruption for the public, freeing up space for people, and improving the delivery experience for users are some of the objectives behind this new business solution. It is time for people to start reclaiming urban spaces and make cities healthier.

We have a ground-breaking sustainable delivery transport service using zero-emission vehicles with a very small noise footprint, equipped for modern-day mobility in towns and cities and with experts in the logistical requirements of each sector. This is an important issue for GAM and we strive to find the right equipment to optimise our customers' routes.

With this vision in mind, we have decided to go one step further by developing services for hubs, disruptive technology to optimise the entire logistics process by designing, installing and maintaining these hubs outside urban areas.

Zero-emission vehicles placed on the market[1]

534 *604*

Waste management and the circular economy

The foreseeable effects of our activity on the environment mainly relate to the consumption of raw materials and energy, waste generated by machine repairs and maintenance activities and soil and water pollution caused by accidental spillages of chemical substances (mainly hydrocarbons).

These effects are included in our Management System's Environmental Aspect Identification and Assessment procedure.

Potential environmental impacts include:

I. Consumption of raw materials and energy resulting from GAM's activities in its work centres.
The main measures aimed at preventing this impact are:

1. Continuously improving our purchasing policy, with the aim of reducing the amount of products and raw materials we use.

2. Improving the efficiency of processes that require the use of raw materials and energy resources.

II. Soil and water pollution resulting from accidental spills of pollutants caused by GAM's activities in its own and other work centres.

The main measures aimed at preventing this impact are:

1. Use of approved storage and transport elements for petroleum products, equipped with safety measures that are suitable for the nature and volume of the product stored.

2. Maintenance and regular inspections of storage tanks in accordance with regulatory requirements.

3. Implementation of internal work processes and procedures that require regular inspections of the equipment used to store and transport petroleum products, as well as the provision of emergency equipment to be used in the event of an environmental incident, spill or leak, etc.

III. Hazardous waste generated as a result of GAM's activities.

The main measures aimed at preventing this impact are:

1. Compliance with the legal requirements regarding management of the waste generated in accordance with the regulations applicable to the locations of the different centres.

   - Engaging authorised waste management companies to remove the waste generated at each of the work centres.

- Segregation and proper storage of waste in work centres, with specific areas set up for this purpose, away from work areas and equipped to prevent accidental spills from these areas.

2. Equipping machine washing areas with equipment to remove physical contaminants, sand and sludge settling tanks and hydrocarbon separators for the water produced by the machine washing process.

IV. Soil and water pollution resulting from accidental spills of pollutants during the transportation of machinery or equipment.
The main measures aimed at preventing this impact are:

1. Adopting measures to ensure the safe transport of equipment that may produce spillages during transportation:

   - Using containers and tanks that are approved to transport fuel (red diesel) by road, equipped with anti-spill safety features, safety vents and valves, etc., that are suitable for the nature and volume of the product stored.

   - Establishing procedures for carrying out preliminary checks in loading and unloading operations for the transport of dangerous goods. Choosing carriers according to the characteristics of the products being transported.

   - Establishing safe stowage procedures for machinery and equipment being transported.

2. Complying with the obligations stipulated by the regulations on the carriage of dangerous goods by road (ADR).

Key figures and milestones

Total hazardous waste managed (t)		Recovered waste[1]	
929,4	453	83%	92%
2023	2022	2023	2022

[1] *Scope: Spain*

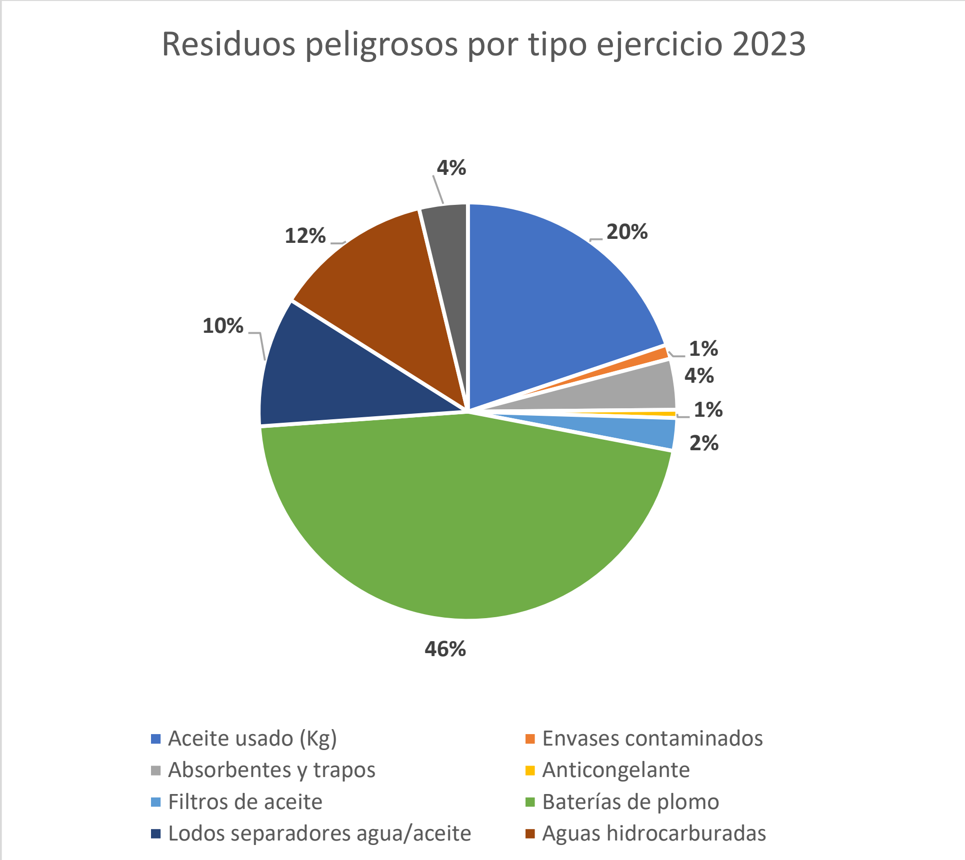
Measures related to the circular economy and waste prevention and management

GAM's environmental performance centres around analysing foreseeable impacts and also defining and implementing solutions in the event of some of the identified risks materialising.

Waste generation is a direct consequence of GAM's activity, and, aware of its obligations, it implements numerous measures worldwide to ensure strict compliance with regulations and to minimise any environmental impact that its activity may have.

GAM is taking the following actions:

- It enters into hazardous waste management agreements at its centres with government-approved companies, in accordance with the legal regulations in force at each of its sites.
- It manages the waste produced appropriately, including its storage, segregation at source and collection by an authorised waste management company, which will process it according to the characteristics of the waste, prioritising its recovery over its disposal.



See information on tonnes of waste, by type, for 2023 and 2022 in Annex 1 - Table 1.

Remanufacturing and refurbishment plant

At GAM we are strongly committed to the environment, with a clear mission to protect it through more efficient investment of resources, improved customer service, and an unwavering commitment to our shareholders, employees and partners.

Sustainability, whether it be economic, environmental or social, requires us to make decisions and take actions that do not harm future generations, ensuring their well-being in all these areas. In this respect, we strive to improve our production and economic processes in order to be more efficient and optimise all resources at our disposal.

At GAM we are committed to developing a comprehensive sustainability project, which encompasses various projects or business lines, such as the machinery remanufacturing plant, which is aimed at reducing our environmental impact by decreasing the production of new machinery and the use of resources.

In recent years we have become aware of the large amount of waste we produce, and of the continual increase in our consumption, our scant use of recyclable resources and the high cost of manufacturing. We need a way to close the circle of the useful life of machines and/or equipment in an environmentally friendly way, promoting their reuse and the circular economy, while seeking to comply with the new EU policies on reducing the amount of waste sent to landfill. Thus, in order to combat pollution and the depletion of raw materials, we have developed a comprehensive recycling project for parts and machinery.

The ultimate goal is to give machinery a second life, with the aim of making less and more efficient use of material resources and shifting towards a circular economy, which we promote through the refurbishment of machinery and recycling of parts in a sustainable business model.

This project will help to create jobs and reduce the amount of waste produced. Each machine that reaches the end of its useful life will be assessed for reuse and relaunch onto the market. This idea, the brainchild of an interdepartmental working group, explores different ways of remanufacturing equipment.

The result of an ambitious and complex engineering development, the plant came on stream in November 2023, following completion of the building renovation works started in October 2022.

When a piece of equipment has been identified as remanufacturable, it will be transferred to the machinery storage area for remanufacturing.

The first stage of the process is to carry out a thorough technical inspection of the condition of the machine, identifying the parts with the greatest wear and tear and any defects that the equipment may have, recording them so that the operators at the various workstations have an accurate picture of the work to be carried out. Before starting the dismantling process, the equipment undergoes an exhaustive cleaning process. The equipment then moves on to the dismantling stations, where each part of the machines is sent to its corresponding workstation, where it is carefully examined. The first of these dismantling stations is where the mast is removed. The mast and body of the machines go through separate dismantling lines. Each part is sent to its respective workstation. In the case of the mast, the hoses and mechanical components are dismantled for remanufacturing and/or replacement. Likewise, the external components are sandblasted and painted. Afterwards, the hoses and mechanical components are reassembled and the mast is transferred to the storage area for subsequent installation on the equipment that requires it. In the case of the body of the machines, the chassis, bodywork, wheels and other external parts and mechanical components are sent to different workstations. In the workstations for external components, only minor work is generally performed, such as sandblasting, repairing and painting bodywork, if necessary, and replacing wheels and seats. The workstations in the mechanical area are the most heavily staffed.

The following tasks are carried out at these stations, among others:

- **Engine check and exhaust gas inspection**: using state-of-the-art diagnostic equipment, the drive unit is examined. This makes it possible to ensure full engine power, operational safety and compliance with current exhaust gas regulations. These workstations are equipped with specific equipment to handle the lubricants that are removed.
- **Battery and charger check**: along with the engine, the battery is the key component of these vehicles. Therefore, the charger and batteries must be thoroughly checked to ensure that they deliver the required performance. If this is not the case, the technicians replace the battery components completely.
- **Mechanical and electrical component checks**: especially all safety-related parts.

Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

- **Hose and wiring inspection and replacement.**

At these stations, all machine wear parts are replaced, using both new spare parts purchased from third-party suppliers and remanufactured spare parts from the plant's spare parts line, thus supporting the goals of the circular economy. These remanufactured spare parts are inspected and repaired in our auxiliary workshops by specialised technicians who certify that they are in good working order. Spare parts that are not guaranteed to work properly are discarded and treated as waste at the adjacent plant, for which we have been certified as a Waste Management Centre approved by the Castilla y León Regional Government. Likewise, each workstation is connected to the plant's computer network and the operators have an access point to the system that gives them real-time information on the status of the machine part they are working on and the work required on it, as well as recording the updated status once the work has been completed. This provides the company with real-time information on the machines in the plant awaiting remanufacturing, the machines currently at the workstations and their degree of progress, the spare parts in stock and the remanufactured machinery already in stock.

Once the work is completed on both lines, the parts go to the assembly stations, which the remanufactured equipment leaves with the refurbished masts now installed.

The machines are finally inspected by a quality control team, which runs through a complete check list of the machines, thus ensuring that all wear parts have been replaced and that the equipment is in optimum operating conditions, issuing a certificate of conformity with the applicable ISO standards, and then placing the corresponding inspection plate on the machine, showing the year it was remanufactured. The remanufactured and certified machinery will go to the machinery storage area until it is sold.

REMANUFACTURED SPARE PARTS AND BY-PRODUCTS PLANT

This plant started operating in September 2021, currently *employs 25 people* and aims to create more than 200 jobs in the future.

Any machines that arrive at the plant and which, either due to their condition or the type of machine, are not technically or financially viable for refurbishment, will be dismantled so that all parts in good condition can be removed and sold as second-hand or refurbished spare parts, in addition to supplying the machinery remanufacturing plant.

The company distinguishes between three types of spare parts in this business line:

- **Reusable spare part:** spare part taken directly from the original machine, which was working at the time it entered the plant, checked and put on sale without the need for any type of improvement. It would be sold directly to the customer with guaranteed replacement if there are any problems.
- **Tested spare part:** spare part that has been inspected and found to be in good working order and a detailed condition report, specifying whether the spare part has any deficiencies, is also provided.
- **Remanufactured spare part:** spare parts that have been checked and refurbished to extend their useful life.

  By-products: in addition to the products included in the two aforementioned business lines, when dismantling machinery, whether for use as spare parts or for the remanufacturing line, a series of by-products will be generated, such as batteries, iron, lead, rubber, copper, aluminium or plastic, which will be stored for subsequent removal by waste management companies, either for their own commercial value (iron, copper, lead, batteries, etc.) or with the company incurring a cost for their removal. Additionally, the batteries removed from the machines are sold to companies that specialise in their recovery. This line of by-products will be a source of business diversification for the company in future stages of its life cycle, and the potential economic viability of setting up new rubber or battery recycling lines will be examined in the future.

Decarbonisation and climate change

Self-consumption facilities

As part of its commitment to the energy transition, the company has opted for self-consumption facilities. That is why we have installed almost 400 solar panels at our headquarters in Granda (Asturias) and the San Fernando de Henares site (Madrid), and we intend to replicate this at the company's other sites.

We generated 231,484 kWh of electricity for self-consumption, which represents 8.3% of the electricity consumed by GAM in Spain.

GAM Forest

We signed an agreement with the Asturian company Bosquia in 2021 to create the GAM Forest, by planting around 500 trees in Candamo, in the Principality of Asturias. This area was especially hard hit by the devastating fires that broke out in the summer of 2017 in Galicia and Asturias.

At the initial planting in 2022, the site was reforested with a selection of native species based on a preliminary forest survey, including, for example, privet, buckthorn, holm oak, hawthorn, chestnut, arbutus and oak.

This activity is scheduled to continue throughout 2024.

Fleet electrification

We are continuing to work on increasing our percentage of electric-powered equipment as a way to mitigate the effects of internal combustion machinery.

	2021	2022	2023
No. of electric-powered units	10,243	15,616	22,304

Other environmental aspects

In 2023 we launched a project to provide charging facilities for electric vehicles, completing the installation of 4 chargers for electric vehicles at our headquarters in Asturias and 3 at our site in San Fernando de Henares (Madrid). We aim to roll out this project to other sites in the coming years to make them available for our visitors, employees and fleet vehicles.

2nd pillar: social

People and culture, our core mission

Preparing the organisation to face present and future challenges requires us to identify the best talent, whether in-house or external, and to ensure that it reflects the diverse society in which we live, as well as properly managing our existing knowledge.

GAM's culture, i.e. our approach, is based on key concepts such as leadership, meaning a sense of responsibility to see projects through from start to finish; collaborative teamwork, pooling our collective intelligence and applying a common methodology to maximise the efficiency of the organisation and its processes.

The Company's people and culture policies should be understood within the framework provided by the Code of Conduct, whose core principles include the safeguarding, development and professional growth of the people who work in the Company, by recognising the value they contribute, all from a perspective in which diversity - in its broadest sense - is one of its basic pillars.

Based on this underlying principle, behavioural guidelines are developed in the following areas: recruitment and promotion, training, moral integrity and occupational health and safety.

Headcount at year-end

1,809[1]	1,333
2023	2022

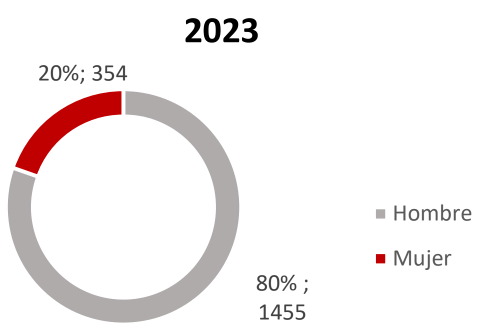
Average wage (in euros)

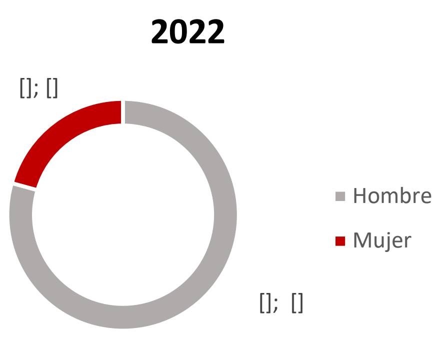
29,682	28,683
2023	2022

1. *The change in headcount is due to the incorporation of Carretillas Mayor in Spain, Ozmaq in Mexico and Saudi Arabia.*

Staff at year-end

Distribution by gender: the headcount increased in 2023, and the gender distribution remains similar to the previous period.





Distribution by age group: the increase in the number of staff occurred in the 25-40 age group.

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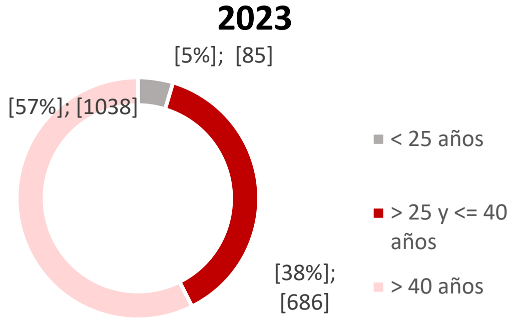
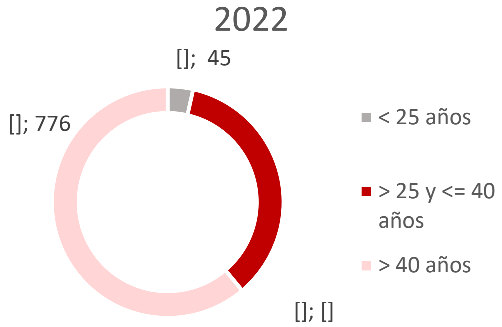
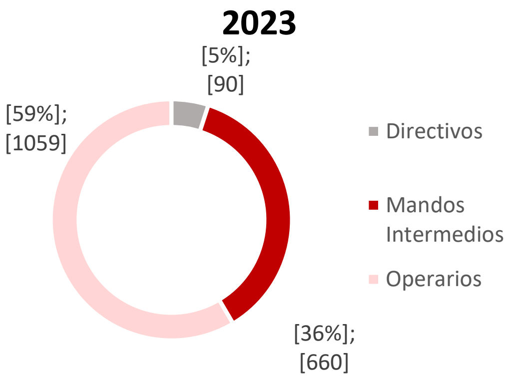
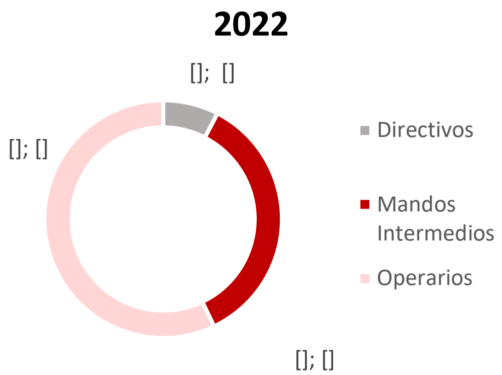


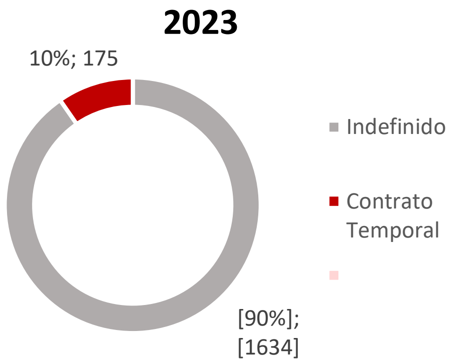


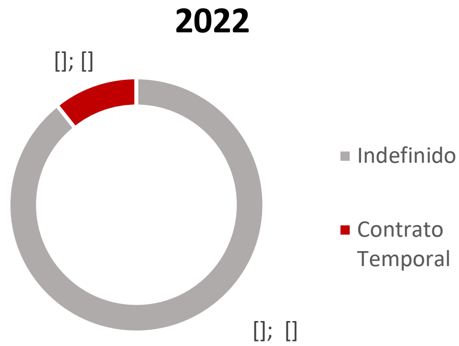
Distribution by professional category: the majority of new hires were in the manual worker category, increasing by 3%. The number of middle managers also increased, but their % remained the same as in 2022, and the number of directors decreased due to the acquisition of new companies.





Distribution by contract type: once again, this year the number of permanent contracts increased, rising to 90% of all staff in 2023, 1% more than in the previous year.





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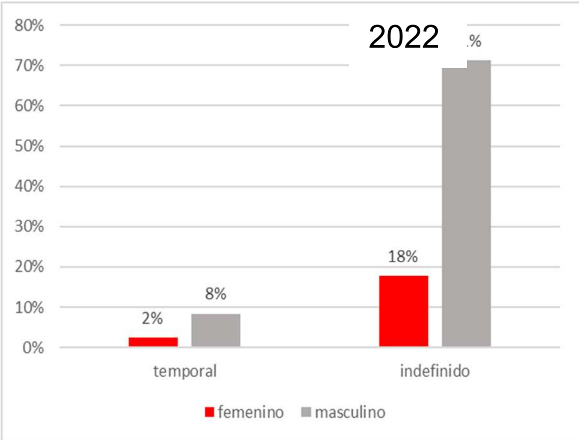
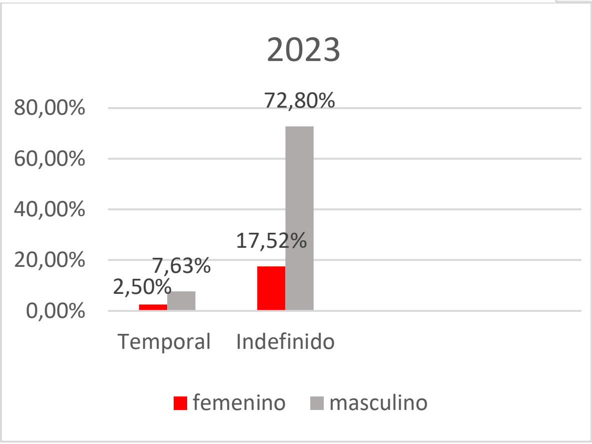
Average contract by contract type and disaggregated by gender: despite the increase in headcount, the percentage of men and women by type of contract remains constant. *(See detailed table with absolute values, disaggregated by age, for 2023 and 2022 in Annex 2 - Table 2; and disaggregated by gender in Annex 2 - Table 3).*





Average contract by contract type and disaggregated by professional category

2023 **2022**

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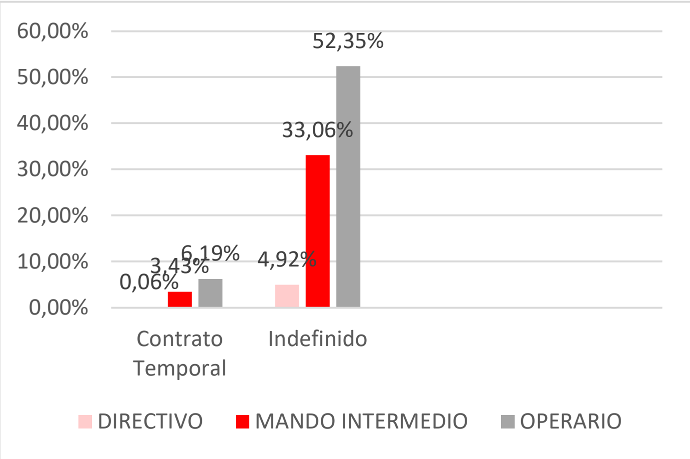

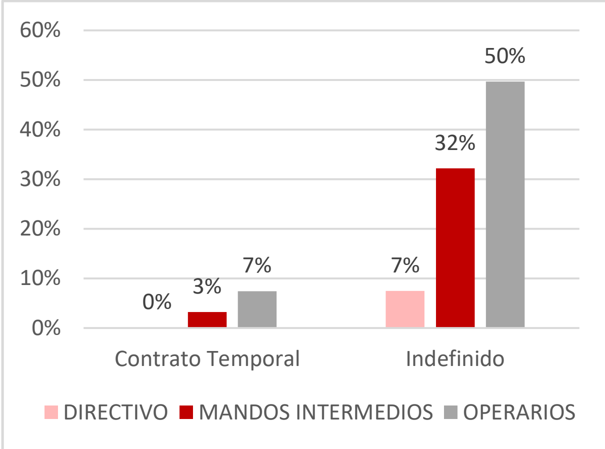

Average wage (in euros)

Average wage by gender*	2023	2022
Men	30,591	29,226
Women	25,936	26,318

Average wage by age group*	2023	2022
< 25 years old	18,565**	21,491
> 25 & <= 40 years old	24,410	23,294
> 40 years old	34,081	32,606

Average wage by professional category*	2023	2022
Directors	70,886	60,556
Middle management	30,464	27,323
Manual workers	25,694	25,447

*Unified for all staff in euros. Exchange rate applied as at 31/12/2023

**It should be noted that the average wage of the <25 age group has decreased because the headcount has increased in this bracket in the countries of our subsidiaries in Latin America and Saudi Arabia, accounting for 40% of the sample. For these countries, the average wage in this bracket is 10,492 euros while in Spain it is 23,240 euros.

The Company's total pay gap - average - stands at 15.22%, slightly below the Spanish average of 15.7% (2022 data published by the Spanish Ministry of Equality).

At the end of 2023, the Company conducted a detailed analysis of its remuneration scheme to ensure fairness internally and keep it in line with the market, based on objective criteria related to the level of responsibility, impact on the business and scope of the various positions. Over the next few years, it will be gradually implemented across the different levels.

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The Company has no pension schemes, although in Spain it offers its employees a flexible remuneration model whereby, at the employee's discretion, a percentage of their wages can be used to cover the following options: medical insurance, childcare vouchers, meal vouchers or individual training. During 2023, the total number of employees who took advantage of this remuneration system amounted to 182 people, representing 10% of the Company's total staff (187 people in 2022, representing 15% of staff).

The Parent Company's board members are remunerated in accordance with the transparency requirements applicable to listed companies. In this respect, the details and individual breakdown of the conditions for the board members appear in the Annual Directors' Remuneration Report, which is drawn up for this purpose and published in accordance with current regulations. This report can be viewed on the Company's website: https://gamrentals.com/es/accionistas/gobierno-corporativo/informe-anual-del-gobierno-corporativo

Work organisation

Given the type of activity carried out by the Company, there are no work shifts, except in those cases in which services engaged by a customer in the industrial sector so require.

Therefore, the working hours are in accordance with the provisions of the corresponding collective agreements and applicable labour regulations.

The absences recorded during 2023 were due to accidents or common illnesses.

Absenteeism due to work-related incidents	Men	Women
Absenteeism rate 2023	0.52%	0.06%
Absenteeism rate 2022	0.86%	0.07%

Absenteeism due to common causes	Men	Women
Absenteeism rate 2023	3.82%	0.29%
Absenteeism rate 2022	2.94%	0.52%

(*In both cases, the rate is calculated for Spain based on the number of days of absences for this reason in proportion to the number of calendar days, taking into account the average headcount for the year*)

The total number of working hours lost as a result of absenteeism for the entire company in 2023 (excluding Arabia) was 140,307 hours.

Staff training activities are clearly aimed at improving the competencies and skills that help the different teams to add more value to achieve the company's growth objectives, based on criteria related to gender equality or other characteristics that are not limited solely to professional criteria.

Some training activities are mandatory, necessary and ongoing, on subjects such as safety, occupational risk prevention, the environment and regulatory compliance.

During 2023, the policy of making working hours more flexible in order to promote a better work-life balance remained in place. In 2023, the Company worked on a proposal for a Digital Disconnection Policy, which will be implemented during 2024.

As regards the process of tailoring the working day to the needs of both employees and the labour market, the Company enables remote working, and flexible working hours for special circumstances related to family responsibilities (either because of dependent children or parents who require care), provided that production and organisational needs allow it.

Special consideration is also given to other circumstances relating to pregnancies, maternity/paternity, nursing or caring for dependants, in line with the applicable legislation in force.

In 2023, 27 people - including 1 man and 26 women - reduced their working hours due to childcare (as legal guardians).

Contribution to sustainable development

SDGs directly impacted by the key issues covered

Our strategy focuses on addressing the complexity of the challenges set by the Sustainable Development Goals with innovative solutions and positive impacts. Supported by our Reviver project, we remain committed to the United Nations Sustainable Development Goals (SDGs) in 2023.

These SDGs are the chosen focus of this initial analysis:

- Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

The social dimension

- Make cities and human settlements inclusive, safe, resilient and sustainable by promoting sustainable mobility.
- Ensure sustainable consumption and production patterns.
- Increase the share of renewable energy consumed and improve energy efficiency.

The environmental dimension

The Company believes it is important to promote social and economic development and growth, supporting and collaborating with local organisations, in order to help generate wealth in all the places where it operates.

The impact of our group's activities on employment and development in local areas, both directly and indirectly through our network of suppliers and other partners, is considerable, especially in the area around our headquarters in Asturias.

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In Spain, the Company made *contributions to non-profit associations and sponsorships amounting* to *274,398* **euros** *(267,780 euros in 2022*), the vast majority of which were made through the provision of the Company's business services at various types of sporting and cultural events.

From its headquarters in Asturias, GAM works selflessly with various cultural, educational and sports associations, participating in institutional campaigns promoted by various public and private organisations. During 2023, GAM was directly involved in initiatives such as the one promoted by the Food Bank Foundation, or in employment initiatives through its involvement in the "Companies for Sustainable Mobility" forum. It also provided training placements for both students and teachers of vocational training.

These activities support the development of the area where the company is most influential, given the prominence and reputation it enjoys locally, undoubtedly serving as a driving force for other businesses around it. Furthermore, GAM actively supports advancement and development by working directly with the Princess of Asturias Foundation. It indirectly supported the charitable organisation Vida Significativa in 2023 through the solidarity programme of one of its service providers.

On this point, it is worth noting that, in accordance with the provisions of art. 304 bis of the Spanish Criminal Code, and with our Crime Prevention Model, the Company expressly prohibits donations or contributions to any political party, coalition or voters' groups, either by itself or through an intermediary.

Attracting, retaining and developing talent

People are the driving force behind GAM's success and one of the key factors in delivering our business plan. That is why we have devised a comprehensive talent management strategy that covers everything from the initial process of attracting talent and staff retention to the ongoing development of their skills to support their professional growth within the organisation.

In this sense, we are working to diversify our recruitment sources in order to tailor them to the needs identified by the organisation. Within this process, we focus on the functional competencies specific to each job, as well as transversal competencies aligned with the company's corporate culture.

We also support internal promotions by aligning careers and professional interests with the opportunities that are available. The company has internal communication tools to help us to publicise job vacancies and encourage the functional and geographic mobility of staff.

We also have tools for active listening and the implementation of specific action plans tailored to the needs of the teams.

Personal and professional development is another of the pillars of comprehensive talent management that we implement through annual training plans. We aim to increasingly tailor these plans so that they provide an effective solution for the challenges faced by different departments and, more broadly, by the organisation itself.

In the People and Culture department, we work closely with the leadership teams, mindful of the importance of their role not only in communicating in an honest, transparent and straightforward manner, but also in the overall, day-to-day management of the talent cycle.

Continuous learning environment

GAM is a company that offers professional development opportunities by setting various challenges to improve skills within the company, linked to training plans, which are regularly reviewed and assessed.

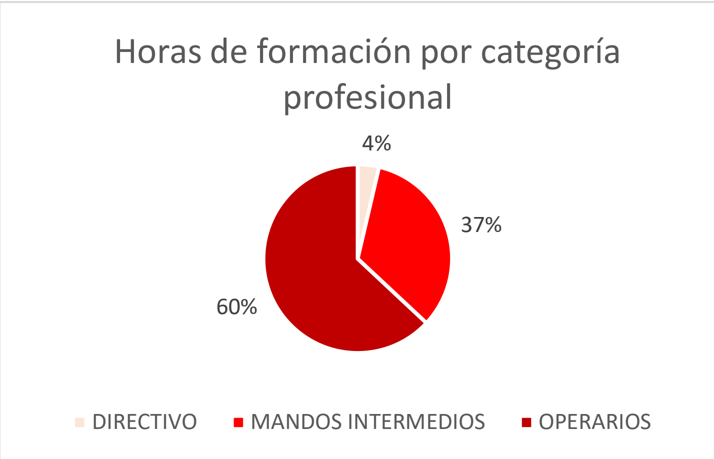
GAM wants to ensure that its staff are properly trained to become more efficient in their work. To this end, together with the relevant departments, we carry out an assessment of training needs with the aim of improving professional qualifications and developing skills that will lead to individual and collective improvement.

GAM's Code of Conduct recognises that people are the cornerstone of the company's success and promotes their professional development, striking a balance between the company's objectives and the needs and expectations of its employees.

A training needs assessment is carried out based on training records from previous years, together with the heads of each department. Once the needs have been identified, we draw up an annual training plan and a schedule.

Through the performance appraisal process, as well as detecting more general job-related training needs, it is possible to target the development of more personalised plans.

The Company also ensures that training not only covers all categories of employees, but also that most training activities are carried out during working hours in order to safeguard the work-life balance of its employees.



In 2023, training has mainly been focused in Spain.

Following the acquisition of Carretillas Mayor, a total of 2,304.5 hours of training were provided in this subsidiary, which represents 10.4% of the company's staff.

No training hours were reported in the companies in Saudi Arabia, the Dominican Republic or Ozmaq in 2023. However, the company's objectives for the coming years include boosting training in the rest of the subsidiaries.

See detailed table of training hours for 2023 in Annex 2 - Table 8.

An area of special importance for GAM is to offer training opportunities to young people who are either currently studying or have recently completed their studies.

Therefore, the company offers scholarships and internships in most of its centres in Spain, for students from both universities and vocational training centres in all business-related specialities.

Throughout 2023, a total of 35 people (37 in 2022) benefited from training placements at GAM's various sites in Spain. Most of these

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experiences were concentrated at the company's headquarters, due to the large capacity of its facilities and the variety of functions and departments found there.

As for the profile of the participants, 86% came from vocational training centres, mainly specialising in electromechanical maintenance, administrative management, educational management, and lighting, video and sound. The remaining 14% were university students specialising in mathematics, tourism and educational management. The average duration of the placements was around three months.

Aware of the importance of training the younger generations and matching them with the needs of the labour market, we are focusing on Dual Vocational Training as a strategic tool. During 2022 and 2023, we have developed a robust programme in conjunction with 10 vocational training centres from different fields and in various locations throughout the Iberian Peninsula.

As a result of this initiative, 11 students have had the opportunity to complete their training placements at various GAM sites. Through a rotation system, the participants have gained in-depth knowledge of the systems and operating processes of our workshop activity, as well as an overview of the entire operating cycle of the machinery rental business.

GAM is also proud of its role in a scholarship programme for recent graduates. Throughout 2023, this programme gave 10 young talents the opportunity to benefit from a training experience in the company, lasting for an average of six months. It is worth noting that one of these scholarships took place in one of GAM's international subsidiaries.

These initiatives demonstrate GAM's firm commitment to the training and professional development of young students and recent graduates. The company strongly believes that attracting and retaining talent is a fundamental pillar of its growth and future success, having hired 28% of these students.

Training as a driver of growth

Further developing its training activities, GAM launched KIRLEO at the end of 2021, our vocational school that seeks to take non-formal vocational training to the next level through innovative tools that improve students' performance and enhance highly sought-after professional skills.

By doing this, we are seeking to address the needs expressed by our customers and seize the opportunities of the vocational training market, where there is a shortage of qualified technical experts with up-to-date knowledge to meet the increasingly unpredictable demands of the industrial world. Additionally, it addresses the fact that technologies are constantly evolving by facilitating retraining and the ongoing acquisition of skills within the same job (reskilling), and the acquisition of new skills (upskilling).

Kirleo's programmes are tailored to meet the current need for shorter and faster training and are targeted at trades where there is a high demand for labour, but where there is still a shortage of training courses that meet their requirements. The training available, which is gradually increasing year by year, currently includes face-to-face and online courses in machine operation, occupational health and safety, renewable energies, battery manufacturing and digital skills, among others.

Kirleo has an Academic Advisory Board composed of leading academics and training experts, as well as partnerships with other companies and specialists who require specific training.

Additionally, the Kirleo Observatory continuously analyses the new needs and trends in employability. The result of these studies will help us to identify specific skills required in the professional world, through the skills and competencies that are most in demand in the corporate world.

Occupational health and safety

Implementing the necessary measures for the health and safety of our workers

The Company is aware of the risk associated with its business activities and a failure to adopt healthy lifestyles.

In addition, while we understand that each individual is responsible for adopting and maintaining healthy lifestyle habits, we do recognise the need to facilitate and promote awareness of the benefits of these habits for employees, their family environment and, consequently, their working life.

The Company has an Occupational Health and Safety department that oversees the safety conditions of its work centres and workplaces.

During 2023, the Health and Safety Management System was audited in accordance with the ISO 45001:2018 standard for the following Group companies: GAM España Servicios de Maquinaria, GAM Training Apoyo y Formación, covering its head offices at Carretera Tiñana, nº1, 33199 in Granda, Siero. The company GAM Aldaiturriaga was also audited according to the same standard.

As part of this system, the accident rate is reviewed regularly and is a key indicator within the Management System.

Likewise, the following accident rates have been analysed as indicators within the System, with the following figures being obtained group-wide for 2023:

Accident rates	2023		2022	
	Men	Women	Men	Women
Incidence rate (no. of lost time accidents per 1000 workers)	80.0	34.6	70.6	4.1
Frequency rate (no. of lost time accidents per million hours worked)	44.5	19.2	39.2	2.3
Severity rate (no. of working days lost per 1,000 hours worked)	1.2	0.5	1.0	0
One occupational disease was recorded during 2023				

Employee well-being

Employee relations in GAM

In Spain and Portugal all staff are covered by the collective agreement applicable to their sector in each province, except for the company operating in the Basque Country, which has its own collective bargaining agreement. In the case of the subsidiaries (Saudi Arabia, Morocco, Mexico, Dominican Republic, Colombia, Peru and Chile) the employees are not covered by any agreement, but instead by the corresponding domestic employment legislation, strictly adhering to its provisions. This means that 77% of the staff is covered by a collective bargaining agreement.

The Company maintains close and regular contact with workers' representatives in Spain. There are currently three workers' committees in Asturias, Madrid and Tarragona, with nine members in Asturias and five in the others.

There are also 19 staff representatives, 6 of whom belong to the company Carretillas Mayor.

The Company is governed by the employment legislation in force in the other countries and liaises with the bodies and committees to which this legislation confers such powers.

Accessibility

The Company does not have a specific policy geared towards integrating disabled people beyond the principles that form the basis of the Equality Plan adopted by the Management.

GAM currently employs 7 people with disabilities in Spain.

In order to comply with current legislation in Spain, to offset the shortfall in meeting the minimum percentage of disabled employees stipulated in the General Disability Act, the Company adopts alternative measures that are validated with the corresponding exemption certificates. These measures essentially consist of the provision of materials and/or services by special employment centres.

Equality

The Company complies with current legislation on Equality, having brought the initial plan into line with the new legal requirements, underscoring our firm commitment to establish and develop policies that incorporate equal treatment and opportunities for men and women, without discriminating directly or indirectly based on gender, as well as promoting and fostering measures to achieve true equality within the organisation.

It has an action plan that has been jointly agreed with the legal representatives of the workers, who play an essential role in the proper monitoring of these policies. This plan will be reviewed on a yearly basis by the committee created for this purpose.

The Company vehemently rejects any behaviour involving sexual harassment and gender-based harassment. This is reflected in section 3,13,4 of the Code of Conduct: "GAM shall guarantee the right to working conditions that respect the dignity of the person. For this reason, it shall protect employees against acts of psychological violence and shall combat any attitude or behaviour that is discriminatory or detrimental to individuals, their convictions and their preferences.

GAM shall take the necessary measures to prevent and, where appropriate, redress sexual harassment, "*mobbing*" and any other form of violence or discrimination".

Other social aspects

Working with society

At GAM, we strongly believe that long-term success can only be achieved through a holistic approach that combines environmental sustainability with talent development, among other elements.

Our commitment to sustainability is reflected in the sustainable practices we implement throughout our operations, from production to distribution.

Aware of the potential offered by younger generations, at GAM we offer young students and recent graduates opportunities for professional development and growth through scholarships, internships and employment. We are passionate about diversity and inclusion, creating a positive working environment for everyone.

Throughout 2023, we have also assisted in finding jobs for Spanish army reservists, providing them with valuable employment opportunities within our organisation.

Charlando en GAM

At GAM we are continuing to pursue our goal of being a collaborative, sustainable company that is committed to people, the environment and our customers. As part of this approach, we continue to forge ahead with initiatives launched in previous years, such as #CharlandoEnGAM (talks in GAM), our own social innovation project, aimed at fostering the exchange of knowledge between professionals from different sectors and creating a forum for discussion and reflection on current issues.

Through this initiative, we can enjoy the benefits of collaborating with leaders in the fields of innovation, culture and sustainability.

We held 6 sessions in 2023:

- Miguel Ángel Lubián, Cyber security
- Carlos Rivera, Clicars
- Luis Manuel Villanueva, Webpositer
- Jose Antonio Idoeta, SOLTRA
- Rafael Gonzalo, The Power MBA
- Alex Lawton, La PIPA Technology Centre

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3^{rd} pillar: governance

Our corporate governance: transparent and effective

The proper implementation of our corporate governance model ensures that the Company achieves its objectives in line with our Strategic Plan. The framework we have put in place regulates and controls the actions of the Governing Bodies, establishes the mechanisms to mitigate possible risks and shapes our relations with stakeholders. Our organisation has policies and regulations that define the way we operate on a day-to-day basis.

This enables us to ensure that GAM's governance is conducted in accordance with the principles of efficiency and transparency that have been embedded in line with key recommendations and existing standards, by adopting advanced corporate governance practices and following the recommendations of the Code of Good Governance.

In order to ensure transparency, the legal framework defined by the group, the Annual Corporate Governance Report and the Annual Directors' Remuneration Report are available on our corporate website: https://gamrentals.com/es/accionistas/gobierno-corporativo/informe-anual-del-gobierno-corporativo

Digitisation and innovation

For a number of years, GAM has been firmly committed to digitisation and innovation.

In the second half of 2021, GAM launched GAM Digital, the company's Master Plan to digitise the company. With an initial 3-year action framework, the plan identified 85 measures that were grouped into 46 projects with an impact on 3 areas: people, technology and processes.

The core objective of the plan remains to become a data-driven company where decision making is based on data, helping us to increase our competitiveness and optimise our processes.

Over the course of 2023, the main projects that have been carried out within this Master Plan are as follows:

Customer Experience: a project that seeks to deliver excellence in our relationships with customers. In 2023, it was focused on digitising our relationship with certain customers who, due to their needs, do not require personalised advice from our network.

RPA (Robotic Process Automation): automation of processes in which "human decision making" is not required. This allows us to free up our team from repetitive, non-value-added activities so that we can spend more time on more productive tasks.

Customisation of certain applications in our ERP system to make them easier to use; this allows us to streamline tasks within rigid systems that cannot be changed due to the complexity of our business.

BPM (Business Process Management): a software tool used to improve an organisation's processes by defining, automating and analysing them. Over the course of 2023, we have focused on analysing our commercial processes, and we have started implementing this workflow system for one of our business lines.

Commercial Workplace: improved commercial tools that allow us to be more efficient and adapt better to the needs of our customers.

Within our R&D&I Centre, which aims to promote experimentation and an innovative culture in the Company so that we can deliver the best services to our customers. Since the end of 2023, various projects have been launched relating to the predictive maintenance of our fleet of machines and analysing the cost of repairing them, as well as research into an autonomous conversational system for customer services based on artificial intelligence and natural language processing. Both initiatives were at an early stage of assessment at the end of the year.

Corporate governance

Professional governing bodies

Annual General Meeting

The Annual General Meeting (AGM) is the highest body representing shareholders. Its functions are governed by the Articles of Association and the AGM Regulations. The AGM was held on 22 June in 2023.

Board of Directors

After the Annual General Meeting, the Board of Directors is the Group's highest decision-making body. It is fully committed to the continuity of the business, firm in the belief that the new Strategic Plan will ensure that we meet our objectives.

As stated in the Rules, the Board of Directors is responsible for ensuring that we fulfil our corporate purpose, protect our overall interests and create value for the benefit of all shareholders. Therefore, the Board of Directors must always focus on the goal of maximising the Group's value.

On that basis, the Board defines and reviews business, commercial, industrial and financial strategies, GAM's planning and the implementation of investment projects in order to maximise profitability at reasonable risk.

The Board of Directors met on 6 occasions in 2023 (7 times in 2022*).*

Members of the Board of Directors

Name	Position	Nature of position
Pedro Luis Fernandez (1)	President and CEO	Executive
Jacobo Cosmen Menéndez-Castañedo (2)	Coordinating Director	Independent
Verónica Pascual Boé	Director	Independent
Francisco López Peña	Director	Proprietary
Patricia Riberas López	Director	Proprietary

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Ignacio Moreno Martínez	Director	Independent

1. Pedro Luis Fernández is the Chief Executive of the Company.

2. Jacobo Cosmen Menéndez Castañero is the Coordinating Director of the Company.

As can be seen from the professional profiles included on our website: https://gamrentals.com/es/accionistas/gobierno-corporativo/consejo-de-administracion, there is a wide range of expertise among the members of the Board of Directors, some with a strong industrial base, others with a background in energy and others with financial expertise.

GAM has diversity policies in place with regard to the Company's Board of Directors.

Audit Committee

Among other functions, the Audit Committee is responsible for overseeing financial reporting, risk management and internal and external audit services.

Members of the Audit Committee

Audit Committee Members	Nature
Ignacio Moreno Martínez	Independent
Jacobo Cosmen Menéndez-Castañedo	Independent
Francisco López Peña	Proprietary

Jacobo Cosmen Menéndez-Castañedo is Chair of the Audit Committee.

The Audit Committee met on 4 occasions in 2023.

Appointments, Remuneration and Sustainability Committee

The Appointments, Remuneration and Sustainability Committee is responsible for assessing the skills, knowledge and experience required of candidates to fill vacancies on the Board and Management Committee, as well as the sustainability and governance strategy and guidelines to be followed.

Members of the Appointments, Remuneration and Sustainability Committee

Appointments, Remuneration and Sustainability Committee Members	Nature
Verónica Pascual Boé	Independent
Jacobo Cosmen Menéndez-Castañedo	Independent
Francisco López Peña	Proprietary

Verónica Pascual Boé is the Chair of the Appointments, Remuneration and Sustainability Committee.

It met on 6 occasions in 2023.

Equipped to anticipate and manage risks

The Board of Directors is ultimately responsible for managing the company's risks, with operational management delegated to the Audit and Control Committee, which in turn is supported by the Internal Audit function.

In conjunction with the Management Committee for the various departments, the Internal Audit function is responsible for defining, reviewing and updating the main risks faced by the Company, as well as implementing measures to minimise the impact of the main risks that have been identified.

The main tool used by the Company to define the risks to which it is exposed is the Risk Map. The main purpose of this document is to develop an environment that makes it possible to identify the main risks faced by the group in the conduct of its business, to assess the likelihood and possible impacts of these risks on our financial position and our degree of risk tolerance. It also serves to identify the controls required to mitigate the impact of these risks on our consolidated financial position.

The level of risk considered acceptable in the pursuit of our business objectives is ultimately decided by the Board of Directors, which has delegated the function of overseeing and monitoring the control environment to the aforementioned Committee.

The Company believes it is essential that the group as a whole, and in particular those individuals who hold key decision-making positions, are aware of the main risks faced by the group as they perform their duties, which are set out in the Risk Map.

The Group assesses its risk tolerance based on the extent to which it may affect its financial position and/or its reputation. For example, the Group has a low risk tolerance for certain risks such as non-compliance with laws and regulations as well as risks to the safety, health and well-being of its employees, customers and the communities in which it operates.

The Risk Map sets out the main risks facing the GAM Group, based on the following criteria:

- I. likelihood of occurrence and,
- II. proportionality of the impact of the risk on the consolidated financial position

The document is based on the assumption that the main risks affect the Group as a whole, although there may be some that only affect a given business, sector or territory in which the Company operates, in which case this is made clear (e.g. risk of concentration of operations in the Iberian business, competitive environment in the rental business).

It also assigns each risk to one of four categories: strategic risks, compliance risks, reporting risks, and operational risks.

There follows a list of risks which, although not exhaustive or comprehensive, focuses on those which may have a higher likelihood of occurrence and a greater impact on the Group's business model, solvency or liquidity, reputation or earnings.

This list may change over time with new risks being added and others being removed.

1. Competitive environment in the rental sector.
2. Risk of geographic concentration in the Iberian market.
3. Risk arising from our presence in emerging economies.
4. Risks associated with the integration of acquired companies.
5. Risk associated with implementing new businesses and projects.
6. Changes in market, technology or regulatory requirements.
7. Risks arising from being affiliated with officially distributed brands.
8. Delays in manufacturing and delivery.
9. Cost volatility.
10. Outflow or shortage of key talent or problems attracting new talent.
11. Failures in management and information systems. Cyber risks.
12. Accidents.

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13. Internal communication problems.
14. Share prices and ownership concentration.
15. Legislative or contractual non-compliance.
16. Fraud.
17. Reporting errors.
18. Credit risk and investment recoverability.
19. Liquidity risk and indebtedness.

Our guiding ethical framework

Our corporate culture is based on ethics, integrity and good governance.

Our fundamental rules are enshrined in our Code of Conduct, which contains the rules of conduct and ethical standards that must be complied with by everyone who is part of the Company.

GAM's rules of conduct

- Legal compliance.

- Quality and excellence.

- Reputation and prestige.

- Protecting and promoting People and Culture.

- Environmental respect and commitment.

- Confidentiality and transparency.

The Code sets out specific rules of conduct:

1. General:

   a. Compliance with the law and GAM's internal rules.

   b. Respect for fundamental rights.

   c. Combating corruption.

   d. Preventing money laundering and the financing of terrorism.

   e. Compliance with accounting, financial and tax regulations.

   f. Protection of personal data, industrial and intellectual property.

   g. Fair competition.

   h. Conduct in the event of a conflict of interest.

   i. Truthfulness of information.

   j. Professional confidentiality.

   k. Protection and use of assets.

2. Regarding People and Culture:

   a. Non-discrimination.

   b. Promoting professional training.

c. Promoting occupational health and safety.

d. Respect for the moral integrity and dignity of individuals.

3. Regarding relations with customers, suppliers and public bodies:

a. Rules for recruitment, selection and promotional activity.

Criminal Risk Prevention Model

Since the Company's inception, honesty, integrity, fair treatment and full compliance with all laws have shaped how we conduct our business. This is why the Company has its own Crime Prevention Model and Anti-Corruption Policy, in addition to the aforementioned Code of Conduct, with these being the Company's main tools for regulatory compliance and crime prevention.

The first of these, i.e. the Crime Prevention Model, addresses the need to identify and put in place practices in each area to prevent or, as the case may be, significantly reduce the likelihood of a crime being committed within the Company, due to the latest reforms to criminal law, which have made legal persons criminally liable in our legal system. The employees, managers and directors of the Company have received specific training on all of these reforms.

In turn, the Anti-Corruption Policy outlines the specific rules of conduct to be followed in order to combat corruption in the course of our business activities. All Company employees are obliged to comply with this policy. List of prohibited and unacceptable behaviours:

- Offering (directly or indirectly) any kind of gift, benefit, present, advantage, remuneration, etc... to an authority or public official in order to influence them in the fulfilment of their functions, duties, obligations, or to obtain an economic advantage.
- Any conduct for the purposes of extortion, fraud or bribery.
- Prioritising personal gain over collective interests.
- Using personal connections with a public official or authority to obtain a financial benefit.
- Requesting gifts from associates, counterparties, public officials or public authorities.
- Public support for political parties.
- It is forbidden to receive/give gifts from/to a public official or authority, except in exceptional circumstances and with the prior authorisation of the Compliance Committee.
- It is forbidden to receive/give gifts from/to customers and suppliers that surpass normal business practices/courtesies/(for amounts exceeding 500 euros).

Preventive internal controls in the fight against corruption:

- Full compliance with internal regulations on methods and conditions of payment.
- Internal control of the finance department and external audits.
- Justification required for financial transactions.
- Any false entry or record in the accounting ledgers is forbidden.
- It is forbidden to issue bearer cheques or blank cheques.
- It is forbidden to hold off-the-books current accounts.

The Company implements its anti-corruption and anti-bribery measures with the instruments described above.

As regards anti-money laundering measures, all money transfers within the Company to its employees, contractors, suppliers, customers or any other group are made by individuals with express powers of attorney and within the limits of such powers, by means of registered securities or bank transfers. Payments in cash are strictly forbidden except for amounts below the limit stipulated in the regulations.

The GAM Group has prepared videos and training sessions on corruption, to ensure that all members of staff are effectively informed of the possible scenarios relating to the criminal liability of legal entities. These activities are aimed at informing and training all members of the Company on crime prevention and compliance with current legislation.

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All GAM companies fall within the scope of the Model, which we plan to gradually introduce in the companies that joined us in 2023, i.e. Carretillas Mayor, OZMAQ and Arabia.

The whistleblowing channel included in the Crime Prevention Plan is the tool provided for reporting this type of behaviour. In June 2023, following the entry into force of Act 2/2023 of 20 February on whistleblower protection, the necessary changes were made to this legislation, the main new feature being the possibility of protecting the anonymity of whistleblowers.

The channel is available on the corporate website at the following address:

https://gamrentals.com/en/our-commitment/reporting-chanel

No incidents or actual cases of harassment or allegations of corruption or bribery were reported during 2023.

Protecting human rights

Ensuring respect for human rights throughout our value chain is one of the Group's priorities. For this purpose, we are guided by the following, among others:

- The Universal Declaration of Human Rights
- The UN Guiding Principles on Business and Human Rights
- The Fundamental Principles and Rights of the International Labour Organisation (ILO)

This commitment is set out in paragraph 3 of the Code of Conduct on Standards of Conduct in Relation to Human Rights, which reads as follows: *"All activities of GAM and its staff shall strictly respect human rights and civil liberties and all measures shall be taken to ensure respect for fundamental rights, the principles of equal treatment and non-discrimination, safeguarding against the exploitation of child labour and any other principles set out in the Universal Declaration of Human Rights and the United Nations Global Compact in relation to human rights, labour rights, the environment and anti-corruption."*

The Group provides the necessary whistleblowing channels so that breaches of the Code and other misconduct can be reported to and dealt with by an appropriate member of staff. These channels protect the confidentiality of the whistleblower and the Group guarantees that it will cooperate with the relevant authorities if required.

During 2023, no complaints of human rights violations were received.

Responsible tax

At GAM, we are aware of the impact of good tax management on the economic stability of the countries and local communities in which we operate.

To comply with the applicable legislation and conduct our business in a responsible manner for our stakeholders, we have had a Tax Policy in place since 2017, approved by the Board.

The Group's Tax Department is the executive department responsible for overseeing compliance with this policy, reporting any material issues to the Management Committee. The associated risks are dealt with on a monthly basis by the Group's tax team, supported by external advisors for the most critical issues.

At GAM we are committed to creating lasting sustainable value for our stakeholders (customers, staff, shareholders, suppliers and society in general). To achieve this, our Tax Policy is based on the following principles:

- To ensure that the GAM Group's taxation is appropriate for the structure and location of its business activities, its human and material resources, and
  its business risks.
- To align the Tax Policy and the tax risk management and control systems with
- all other GAM Group policies (commercial, financial, human resources, corporate, etc.).
- To avoid using corporate or other structures for the purpose of concealing or reducing the transparency of GAM's activities in relation to the tax authorities.
- To refrain from operating in territories that could be classified as tax havens or
- tax-free territories, unless there are valid economic reasons for doing so.
- To value transactions between related entities at arm's length and comply with the transfer pricing documentation obligations prescribed by law in each case.
- GAM undertakes to review its transfer pricing policy regularly in
  order to update and adapt it to current regulations and the current circumstances of the business.
- To follow the recommendations of the good tax practice codes implemented in the countries in which GAM operates.
- To approve a specific procedural manual for tax management and control and for monitoring GAM's internal reporting and tax control systems.

Additionally, it should be noted that we have a Good Taxpayers Registry certificate issued by SUNAT (National Superintendency of Customs and Tax Administration) for our subsidiary GAM PERU.

Reflecting our contribution to society, below we set out our pre-tax profit by country and corporation tax paid in each country in *2023 and 2022*:

(figures in thousands of euros)	***PRE-TAX PROFIT[1] 2023***	***PRE-TAX PROFIT[1] 2022***	***CORPORATION TAX PAID 2023***	***CORPORATION TAX PAID 2022***
SPAIN	*(1,647)*	*(3,197)*	*170*	*610*
PORTUGAL	*4,920*	*4,032*	*668*	*589*
PERU	*92*	*267*	*120*	*127*
CHILE	*592*	*2,063*	*396*	*427*
MEXICO	*2,183*	*2,413*		
COLOMBIA	*(265)*	*389*		*11*
DOMINICAN REPUBLIC	*843*	*708*	*146*	*42*
PANAMA	*(93)*	*108*		
MOROCCO	*(26)*	*539*	*97*	
S. ARABIA	*321*	*(273)*		
TOTAL CONSOLIDATED RESULT	***6,920***	***7,049***	***1,597***	***1,806***

[1]Consolidated figures prior to allocation of corporate expenses, in accordance with IFRS standards

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In terms of public grants, this year we were awarded 1: for the R&D&I centre (€173,270)

Other aspects of governance

Supplier and subcontractor management

Our supplier and subcontractor management

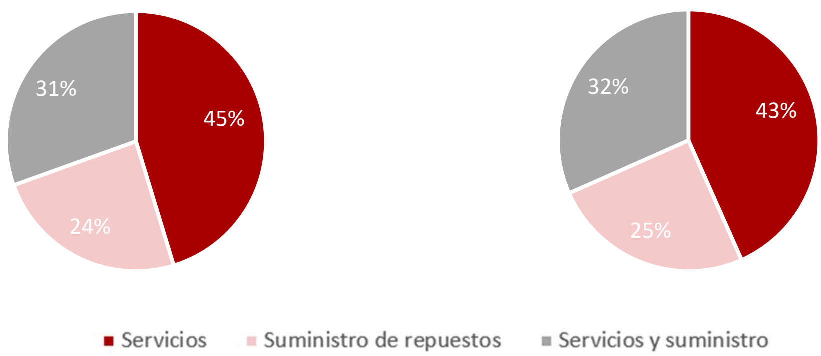
The bulk of the purchases we make are from leading machine manufacturers, who are all global players.

Beyond that area, GAM has centralised purchasing management for most spare parts and other small supplies at its headquarters in Asturias, where it boosts growth among local suppliers, thereby helping to improve the social and employment climate, as well as having a greater positive impact due to the concentration of its purchasing and supply operations.

It is clear that these policies have other indirect consequences for the supply chain, supporting the development of other companies in the local logistics, distribution and transport sector.

Suppliers in Spain purchased from in 2023: 1291 suppliers

Suppliers in Spain purchased from in 2022: 1344 suppliers



During 2023, we reduced the number of suppliers with the aim of centralising procurement in order to achieve qualitative and quantitative improvements, and more efficient management of the supply chain. This year, the number of suppliers in Spain was reduced by 4% with respect to 2022.

In 2023, we continued to work on digitisation projects such as the automation of purchasing through RPA, the implementation of ticketing systems using digital tools (Proactiva) *(Annex I)* which allow us to measure our service level internally, to ensure correct equipment sizing and take action where appropriate. We also have two reports in SAC *(Annex II)*: spare parts sales and Hyster&Yale invoicing. A request has been made to make the purchasing information available in this system to enable real-time reporting. A report *(Annex III)* was produced detailing the projected goals once this digital tool has been implemented.

In the main warehouses, an automatic supply management system has been implemented for materials with the highest turnover (Material Requirement Planning), which will be rolled out to the other warehouses in Spain in 2024. Using this MRP allows us to plan and manage the materials required for each site more efficiently in order to cut unnecessary storage costs, reduce transport and urgent requests and, as a result, reduce the carbon footprint of our procurement process, which is not currently being measured, while at the same time delivering a service to our customers when needed.

A comprehensive assessment was performed of the various tasks and procedures carried out by the purchasing department in order to identify any inefficiencies, and any changes required to eliminate them were implemented in order to standardise and optimise the procurement management processes. A competency matrix has been implemented *(Annex IV)*, which has allowed us to identify tasks that were not procedural, and to determine whether a training plan is necessary within the department, with training on batteries having already been provided in 2023 (*Annex V*). Training on other types of equipment is planned for 2024.

During 2023, follow-up meetings have been introduced within the supply chain in different settings and at various intervals.

- **Procurement meeting**: a weekly follow-up is carried out with the purchasing department, using the Teams application, where the tasks, people responsible and deadlines are established. At this meeting, we follow up on critical orders and supplier incidents, review the department's KPIs, and discuss other internal matters within the department. (*Annex VI*)

- **Warehouse technical committee**: a monthly meeting is held with the warehouse supervisors and the technical department, both in Spain and in other countries. KPIs are discussed on stock levels, internal consumption, and demand trends (urgent, stock and workshop). Agreements with suppliers, best practices, incidents and any other information relevant to the parties are also discussed. (*Annex VII*)
  Monthly meetings have been started with LATAM and Portugal in order to focus on the particular characteristics of each country and implement specific actions.

- **Carretillas Mayor meeting**: a weekly meeting is held with the purchasing manager of Carretillas Mayor. KPIs are reviewed, best practices and agreements are discussed and continuity in the company's processes and procedures is ensured. (*Annex VIII*)

Work is currently underway to assess the quality of suppliers in the delivery of materials, with the aim of establishing measurable indicators on the availability and reliability of suppliers.

Although there is currently no procedure in place for assessing the service levels of suppliers, 5 audits of key suppliers (either due to volume of sales or incidents detected and feedback from follow-up meetings) were carried out in 2023 (*Annex IX*). The results were positive in 4 of the 5 cases. For the 5th case, the incidents were recorded in a file, follow-up meetings were held with the supplier and an action plan was established to minimise issues. During 2024, a supplier assessment and monitoring procedure will be established.

Sustainable procurement management is one of today's challenges and one of the key components in strategic purchasing decisions. Cooperation between key suppliers, sharing best practices, resources or even the joint implementation of sustainable initiatives is one of the objectives to be pursued in the coming years.

Customer satisfaction

Given the sector in which we operate, we mainly follow a "business to business" model.

In mid-2023, within our corporate support structure, we set up a new working team called "Digital Solutions" that focuses on customer experience, enabling us to meet their needs in a flexible and comprehensive manner. The team is composed of people with multidisciplinary skills who specialise in the services we offer.

In terms of personal data protection, we have adapted our Privacy Policy and its personal information management protocols in all areas to comply with the current regulations, and we have not received any complaints regarding breaches of customer privacy or loss of customer data.

We also have a Complaints and Claims Procedure that sets out how to proceed from the moment an incident or grievance is reported and an incident ticket is opened, to the gathering of information, assessment and classification of the incident, logging in our system, verification, correction, request for resolution and, finally, closing the incident ticket. Three complaints were received in 2023, one of which is still ongoing at the date of preparing this report.

Moreover, it should be noted that this process only applies to GAM companies in Spain. For its part, Carretillas Mayor has its own service monitoring system. In the other countries, the representatives and sales teams manage the process directly, and there are no formal records.

Certifications and awards

Since July 2023, GAM has been awarded a "Silver" rating by ECOVADIS following an assessment of its compliance with sustainability standards. The Company aims to retain and build on this rating in future years, extending it to its value chain.

Building lasting relationships with stakeholders

GAM is committed to excellence, transparency and fulfilling the needs and expectations of all our stakeholders. We base our professional relationships on transparency and mutual trust in order to build lasting relationships and provide high-quality services.

Stakeholders are defined as entities or individuals who can reasonably be expected to be significantly affected by the activities, products or services of the reporting organisation, or whose actions can be expected to affect the organisation's ability to successfully implement its strategies and meet its objectives.

For the Company, **shareholders** and investors play a pivotal role in the economic development of the Company, and for this reason the information provided will give a true and fair view of the Company's financial situation.

Additionally, there is a section on the website for shareholders called "Shareholders' Forum" and an email account managed by the Finance Department so that it can handle any queries, issues and matters raised by our shareholders.

Capitalisation (thousands of euros)

2023	2022
124,883	118,071

Maximum share price

2023	2022
1.53	1.55

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For GAM, **customers** are the Company's biggest asset, which is why our relationship with them is based on courtesy, professionalism and actively listening to their needs. For this reason, we are grateful for their loyalty and we will always treat them honestly, transparently and according to their needs.

Number of countries in which we operate

2023	2022
10	10

% of equipment that does not produce emissions because it is electric or engineless

2023	2022
82.10%	79.8%

GAM believes that its track record and reputation are thanks to the people in its **team**, which is why part of our success is due to the shared philosophy and values applied to all areas and countries in which the Company operates, in an innovative, dynamic and collaborative work environment in which we promote the participation of different generations, cultural exchange, joint work and respect for diversity.

"Due to our commitment to the well-being of our staff, we are continuing to invest in and increase the number of permanent contracts"

Permanent contracts

2023	2022
90 %	89%

Average number of training hours per employee for average headcount[1]

2023	2022
13.29[2]	14.62

[1] Information from Arabia, Dominican Rep. and Ozmaq is not included.

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[2]This rate is based on overall staff. In comparative terms, including staff without new acquisitions, the rate is **14.85**

Local suppliers in GAM España

9%	9%
2023	2022

Our relationship with **authorities** is based on mutual respect and cooperation and full compliance with the law, which is why we provide the necessary assistance when we are required to do so.

Corporation tax paid (thousands of €)

1,886	1,806
2023	2022

Our priority is to boost the development of the areas where we operate by making a contribution to the **local community (social environment).**

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ANNEXES

Annex I: Additional environmental information

Table 1 – Hazardous waste managed by type at year-end 2023 and 2022.

Type of waste (mt)	2023	2022
Waste oil	184.2	103.0
Contaminated containers	10.3	11.1
Absorbents and rags	36.6	28.6
Anti-freeze	5.8	3.3
Oil filters	23.4	14.5
Lead batteries	426.2	126.6
Oil/water separator sludge	93.9	53.5
Hydrocarbon-contaminated water	114.1	78.2
Other waste	34.9	34.22
Total	**929.4**	**453.0**

Table 2 – Non-hazardous waste managed (ferrous metals) in tonnes. 2023 and 2022.

Type of waste	2023	2022
Ferrous metals (mt)	98.8	43.5

Table 3 – Consumables. 2023 and 2022.

Type of consumable	2023	2022
Paint (l)	2,5550.0	18,978.5
Solvent (l)	36,315.9	21,952.5
Oil (l)	467,927.8	182,119.5
Grease (kg)	16,761.0	13,807.0
Toner (units)	232	332

Annex II: Additional company information

Table 1 – Total number of employees per country at year-end 2023 and 2022.

Countries	31/12/2023	31/12/2022
S. Arabia	51	
Chile	72	68
Colombia	6	10
Dominican R.	21	19
Spain	1,305	1,022
Morocco	48	40
Mexico	176	54
Panama	0	0
Peru	34	31
Portugal	96	89
Total	**1,809[1]**	**1,333**

1. *The change in headcount is due to the incorporation of Carretillas Mayor in Spain, Ozmaq in Mexico and Saudi Arabia.*

Table 2 – *Average contract by type and age group*

Contract type/Age group	2023			2022		
	< 25 years old	> 25 & <= 40 years old	> 40 years old	< 25 years old	> 25 & <= 40 years old	> 40 years old
Part-time contract	-	-	-	-	-	-
Temporary contract	35	78	62	12	50	56
Permanent	50	608	976	24	381	713

Table 3 – *Average contract by type and gender*

Contract type/Gender	2023		2022	
	Men	Women	Men	Women
Part-time contract	-	-	-	-
Temporary contract	138	37	94	24
Permanent	1317	317	903	215
Total	**1455**	**354**	**997**	**239**

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Table 4 – *Average contract by type and professional category*

Professional category/Contract type	2023		
	Part-time contract	Temporary contract	Permanent
Directors	-	1	89
Middle management	-	62	598
Manual workers	-	112	947
Total	**-**	**175**	**1634**

Professional category/Contract type	2022		
	Part-time contract	Temporary contract	Permanent
Directors	-	-	104
Middle management	-	34	395
Manual workers	-	84	619
Total	**-**	**118**	**1,118**

Table 5 – *Number of redundancies/dismissals by gender*

2023			2022		
Men	Women	Total	Men	Women	Total
42	11	53	41	4	45

Table 6 – *Number of redundancies/dismissals by age group*

2023				2022			
< 25 years old	> 25 & <= 40 years old	> 40 years old	Total	< 25 years old	> 25 & <= 40 years old	> 40 years old	Total
2	26	25	53	1	16	28	45

Table 7 – *Number of redundancies/dismissals by professional category*

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Table 8 – *Number of hours of training by professional category and country*

	2023			
	Directors	Middle management	Manual workers	**Total**
SPAIN	746	6,655	8,533	15,934
PORTUGAL	4	301	176	481
PERU	4	85	134	223
MOROCCO		582	3276	3858
CHILE		20	1062	1082
COLOMBIA	55	38	56	149
MEXICO		521	187	708
TOTAL	**808**	**8,202**	**13,424**	**22,434**

[1] Informatin from Arabia, Dominican Rep. and Ozmaq is not included.

2023				2022			
Directors	Middle management	Manual workers	**Total**	Directors	Middle management	Manual workers	**Total**
5	12	36	53	6	10	29	45

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Annex III: EU environmental taxonomy

On 22 June 2020, Regulation (EU) 2020/852 was published to facilitate the redirection of capital flows towards more sustainable activities. It is aimed at addressing initiatives such as the Green Pact, the Paris Agreement or the Sustainable Development Goals, by supporting the shift from the current economic model to a carbon-neutral one.

The Regulation establishes a science-based taxonomy and six environmental objectives whose fulfilment could be supported by such activities. The "European Environmental Taxonomy" will be implemented gradually and a specific taxonomy will also be introduced to assess how activities contribute to social objectives.

Delegated Regulation (DR) (EU) 2021/2139 sets out the technical criteria for determining whether an economic activity contributes to climate change mitigation or adaptation and whether it causes no significant harm to any other environmental objectives (circular economy, water and marine resources, pollution prevention and control, and biodiversity). DR (EU) 2021/2178 specifies the content, presentation of information and methodology to be disclosed by companies that are subject to Article 19a or 29a of Directive 2013/34/EU, such as GAM.

It covers the following concepts:

Eligibility

- Eligible: activities included in (DR) (EU) 2021/2139 Annex I (mitigation) and/or Annex II (adaptation), identified as having potential for alignment; Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending 2021/2139 Annex I and/or Annex II; Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing 2020/852 and amending 2021/2178 Annex II, relating to the transition to the circular economy.
- Non-eligible: activities not included in (DR) (EU) 2021/2139, (DR) (EU) 2023/2485 or (DR) (EU) 2023/2486.

Alignment

- Eligible/aligned: eligible activities that meet the technical screening criteria (TSC) of the environmental objective, do not significantly harm the other environmental objectives (DNSH) and that they are implemented in a way that meets the required social standards.
- Eligible/non-aligned: eligible activities that do not currently meet the requirements for alignment (TSC, DNSH and Social Standards).

According to the provisions of (DR) (EU) 2021/2178, based on information from 2023, it is necessary to disclose the proportion of net turnover, CapEX (capital expenditure) and OpEX (operating expenditure) from the company's activities that are eligible and non-eligible. Also based on information from 2023, in addition to the aforementioned eligibility, it is necessary to report whether or not the above indicators are aligned.

GAM'S POSITION

Scope of the report

All companies that fall within the scope of consolidation of the GAM Group have been included in the analysis carried out to identify eligible and aligned activities according to the European Commission's criteria for the Taxonomy.

Results

Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

Below, we have detailed the eligibility and alignment of our activities, and explained our results and calculations.

INDICATORS

% total CapEX eligible	32.71%
% total OpEX eligible	4.55%
% total income eligible	5.63%
% total CapEX non-eligible	67.29%
% total OpEX non-eligible	95.45%
% total income non-eligible	94.37%

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year. Year 2023.

				Substantial contribution criteria		DNSH criteria ("Does Not Significantly Harm")										
Economic Activities	**Code(s)**	**Turnover**	**Proportion of Turnover**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Cicular Economy**	**Pollution**	**Biodiversity**	**Minimum Safeguards**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEX, year 2023**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEX, year 2022**	**Category enabling activity**	**Category transitional activity**
A. TAXONOMY-ELEGIBLE ACTIVITIES		Miles de euros	%													
A.1 Environmentally sustainable activities (Taxonomy-aligned)																
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	N/A	0	**0%**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	**0%**	N/A	N/A
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
Sales and rentals of zero-emission vehicles	3.18/6.4/6.5 (anexo I)	1.799	0,64%													
Used sales	5.4 (anexo II)	8.795	3,13%													
Used sales (Reviver)	5.4 (anexo II)	163	0,06%													
Sales of spare parts	5.2 (anexo II)	5.050	1,80%													
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		15.807	5,63%													
Turnover of Taxonomy-eligible activities (A.1+A.2)		15.807	5,63%										**0%**	**0%**	**N/A**	**N/A**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
Turnover of Taxonomy non-eligible activities		265.048	**94,37%**													
Total (A + B)		280.855	**100%**													

Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year. Year 2023.

Economic Activities	Code(s)	CapEX	Proportion of CapEx	Substantial contribution criteria		DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEX, year 2023	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEX, year 2022	Category enabling activity	Category transitional activity
				Climate Change Mitigation	Climate Change Adaptation	Climate Change Mitigation	Climate Change Adaptation	Water	Cicular Economy	Pollution	Biodiversity					
A. TAXONOMY-ELEGIBLE ACTIVITIES		Miles de euros	%													
A.1 Environmentally sustainable activities (Taxonomy-aligned)																
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	N/A	0	**0%**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	**0%**	**0%**	N/A	N/A
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
Sales and rentals of zero-emission vehicles	3.18/6.4/6.5 (anexo I)	38.984	26,11%													
Used sales (Reviver)	5.4 (anexo II)	9.856	6,60%													
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		48.840	32,71%													
CapEx of Taxonomy eligible activities (A.1+A.2)		48.840	**32,71%**											**0%**	**N/A**	**N/A**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
CapEx of Taxonomy-non eligible activities (B)		100.474	**67,29%**													
Total (A + B)		149.314	**100%**													

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering. Year 2023.

Economic Activities	Code(s)	OpEx	Proportion of OpEx	Substantial contribution criteria		DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2023	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022	Category enabling activity	Category transitional activity
				Climate Change Mitigation	Climate Change Adaptation	Climate Change Mitigation	Climate Change Adaptation	Water	Cicular Economy	Pollution	Biodiversity					
A. TAXONOMY-ELEGIBLE ACTIVITIES		Miles de euros	%													
A.1 Environmentally sustainable activities (Taxonomy-aligned)																
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	N/A	0	**0%**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	**0%**	**0%**	N/A	N/A
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
Sales and rentals of zero-emission vehicles	3.18/6.4/6.5 (anexo I)	1.774	4,03%													
Used sales	5.4 (anexo II)	230	0,52%													
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2.004	4,55%													
OpEx of Taxonomy eligible activities (A.1+A.2)		2.004	**4,55%**										**0%**	**0%**	**N/A**	**N/A**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
OpEx of Taxonomy-non eligible activities (B)		41.997	**95,45%**													
Total (A + B)		44.001	**100%**													

Description of eligible and non-eligible activities

In order to identify whether the GAM Group carries out activities that can be classified as eligible, the Group's main activities are set out below, and we have assessed whether they are in line with the activities described in the Taxonomy. Using the tool launched by the European Commission "EU Taxonomy Compass" https://ec.europa.eu/sustainable-finance-taxonomy/ and in accordance with the climate delegated act detailing the eligible activities for the environmental objective "Climate Change Mitigation", the environmental objective "Climate Change Adaptation" and the environmental objective "Transition to a circular economy", we have determined whether the activities carried out by the GAM Group are considered eligible as per the activities described in the Taxonomy.

The following conclusions were drawn from an analysis carried out by a cross-departmental team led by the Finance Department:

- Training: certified training of workers through open courses, tailored programmes and in-company training included in (DR) (EU) 2023/2486. We concluded that it is not any of the eligible activities described in the Taxonomy for the aforementioned environmental objectives.
- Drone engineering and mobile robotics: industry solutions for the development, leasing, and maintenance of drones and mobile robots (AGVs). We concluded that it is not any of the eligible activities described in the Taxonomy for the aforementioned environmental objectives.
- Event management and production: comprehensive service covering event management, technical design, audiovisual equipment rentals and the assembly of structures and installation of power (generators). We concluded that it is not any of the eligible activities described in the Taxonomy for the aforementioned environmental objectives.
- Modular structures: modular building rentals (construction site cabins and other modular units). We concluded that it is not any of the eligible activities described in the Taxonomy for the aforementioned environmental objectives.
- Distribution: sale of machinery and components (spare parts) for which GAM is an official distributor. We concluded that only the sale of spares parts could be classified as one of the eligible activities described in point 5.3 of the Taxonomy "Sale of spare parts".
- Trading of machinery: sale of makes of machinery for which GAM is not an official distributor. We concluded that it is not any of the eligible activities described in the Taxonomy for the aforementioned environmental objectives.
- Used sales: sale of machinery which has previously been leased throughout its useful life and, at the end of its useful life, is sold. We can classify this activity as taxonomy-eligible as per point 5.4 "Sale of second-hand goods".
- Machinery rentals and maintenance: this activity includes rentals, maintenance and repairs of equipment that does not produce emissions because it is electric or engineless, which could be classified as falling under the activities described in the Taxonomy. We concluded that it falls under three of the activities listed in the climate change adaptation and mitigation regulation, namely: "3.18. Manufacture of automotive and mobility components"; "6.4. Operation of personal mobility devices, cycle logistics" and "6.5 Transport by motorbikes, passenger cars and light commercial vehicles", which are described in the Taxonomy for the aforementioned environmental objectives.
- Reviver Reviver is a new company in the GAM Group, focusing on the circular economy. Its main activity will be to remanufacture machinery and components for subsequent sale, so we can classify its activity within section "5.4. Sale of second-hand goods" of the regulation on the transition to the circular economy.

Therefore, the group's eligible activities include the distribution of spare parts, rentals and maintenance of zero-emission machines, the sale of used equipment and the sale of remanufactured equipment and components (Reviver).

As remarked above, according to the EU Taxonomy Compass, the following Eligible activities could be included in the Group's activities:

COMMISSION DELEGATED REGULATION (EU) 2023/2485 - CLIMATE CHANGE MITIGATION AND ADAPTATION

3.18. Manufacture of automotive and mobility components	Manufacture, repair, maintenance, retrofitting, repurposing and upgrade of mobility components for zero-emission personal mobility devices and of automotive and mobility components, systems, separate technical units, parts and spare parts classified in categories M1, M2, M3, N1, N2 and N3.

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6.4. Operation of personal mobility devices, cycle logistics	The sale, purchase, financing, leasing, rental and operation of personal mobility devices or personal transport equipment powered by the user’s muscle power, a zero-emission engine or a combination of zero-emission engine and muscle power.
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	The purchase, financing, hiring, leasing and operation of vehicles of categories M1 and N1.

To see if our activities are in line with points 3.18 and 6.5, we must examine the definitions of M1, M2, M2, N1, N2 and N3 vehicles:

Category M consists of motor vehicles designed and constructed primarily for the carriage of passengers and their luggage, divided into:

(i) Category M1: motor vehicles with not more than eight seating positions in addition to the driver's seating position and without space for standing passengers, regardless of whether the number of seating positions is restricted to the driver's seating position;

(ii) (ii) Category M2: motor vehicles with more than eight seating positions in addition to the driver's seating position and having a maximum mass not exceeding 5 tonnes, regardless of whether those motor vehicles have space for standing passengers; and

(iii) (iii) Category M3: motor vehicles with more than eight seating positions in addition to the driver's seating position and having a maximum mass exceeding 5 tonnes, regardless of whether those motor vehicles have space for standing passengers;

Category N consists of motor vehicles designed and constructed primarily for the carriage of goods, divided into:

(i) Category N1: motor vehicles with a maximum mass not exceeding 3,5 tonnes;

(ii) Category N2: motor vehicles with a maximum mass exceeding 3,5 tonnes but not exceeding 12 tonnes; and

(iii) Category N3: motor vehicles with a maximum mass exceeding 12 tonnes;

The bulk of the group's machinery consists of pallet trucks, mini-excavators, cranes or other equipment that does not fall within this definition.

However, the company Inquieto Moving Attitude engages in sales and rentals of zero-emission vehicles used for last-mile deliveries, such as quadricycles, motorcycles and vans.

In this case, the vehicles in its fleet can be categorised as M1, N1 and N2, so these vehicles are covered by the above definitions.

Furthermore, activity 6.4 refers to sales or rentals of personal mobility vehicles powered by zero-emission engines. In the case of Inquieto, the electric bicycles and scooters that also form part of its fleet can be included here.

These activities can be deemed to fall within the scope of Article 10 of the Regulation, specifically within point **1. C) increasing clean or climate-neutral mobility.**

COMMISSION DELEGATED REGULATION (EU) 2023/2486 – TRANSITION TO THE CIRCULAR ECONOMY

5.4. Sale of second-hand goods	Sale of second-hand goods that have been used for their intended purpose before by a customer (physical person or legal person), possibly after repair, refurbishment or remanufacturing.
5.2. Sale of spare parts	The economic activity relates to spare parts that are used in products manufactured by economic activities classified under NACE code C28,22, «Manufacture of lifting and handling equipment».

As we saw above, we would include Used sales within the eligible activities under this regulation, as they would meet both of the above criteria, since both second-hand goods and spare parts are sold.

Finally, we would classify Reviver's activity as eligible as it falls within the scope of activity described in point 5.4 "Sale of second-hand goods".

Alignment analysis

As stated in the introduction, in order to assess whether our activities that have been identified as eligible (the company Inquieto Moving Attitude's activity that falls under points 3.18, 6.4 and 6.5 of Annex I; used sales by the GAM Group, under activity 5.4 in Annex I; and Reviver, under activity 5.2) are also aligned, we have analysed whether they meet the technical screening criteria (TSC) of the environmental objectives of mitigation and transition to the circular economy, the related DNSH, and whether they meet with the required social standards. The analysis shows that we do not meet all of the criteria for the activities to be aligned, so we classify the aforementioned activities as eligible and not aligned.

However, it should be noted that we have set ourselves a roadmap with actions to be taken in the future to bring our eligible activity into line with the objective of helping to meet the decarbonisation targets set by the European Union, with few technical screening criteria yet to be met (specifically, the environmental assessment necessary to comply with Annex A, which is required for all our eligible activities).

Description of indicators

Turnover: the proportion of turnover referred to in Article 8(2), point (a), of Regulation (EU) 2020/852 will be calculated as the part of the net turnover derived from products or services, including intangibles, associated with Taxonomy-aligned economic activities (numerator), divided by the net turnover (denominator).

In GAM's specific case, the denominator is the net turnover in the Consolidated Financial Statements for 2023.

The numerator is the net turnover in the Consolidated Financial Statements from the activities that we have classified as Taxonomy-eligible.

For this indicator, we have included Inquieto's turnover, specifically, from sales and rentals of zero-emission vehicles, as well as revenues received from the provision of repair and spare parts services, as these are connected to the sales and rental activity.

In the case of used sales, total revenue (excluding capital gains) from the sale of used machinery or from the rental fleet has been used as the KPI numerator.

For sales of spare parts, we have included total revenue from these sales.

CapEX: the proportion of CapEX will be calculated as the numerator divided by the denominator. The denominator covers additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. The denominator also covers additions to tangible and intangible assets resulting from business combinations.

In GAM's specific case, the denominator consists of all additions to cost relating to property, plant and equipment, rights of use with an option or obligation to purchase and intangible assets included in movements of fixed assets in the Consolidated Financial Statements in 2023.

The numerator covers the additions to cost in property, plant and equipment and intangible assets in respect of the activities we have classified as Taxonomy-eligible.

For this indicator we take into account 2 activities that have resulted in CapEX in 2023.

Firstly, for the numerator, we take into account the additions to fixed assets related to Inquieto's activity, and additions of equipment that do not produce emissions because they are electric or engineless, as they help to mitigate climate change in accordance with article 10, section 1) of the delegated acts, which is why we believe they should be included in this calculation.

(c) increasing clean or climate-neutral mobility;

The other activity we take into account is Reviver's business. In 2023, over 9 million euros were invested in CapEX to build the plant where machinery and components will be remanufactured, thus promoting the circular economy, one of the key points of the Taxonomy.

OpEX: the proportion of OpEX referred to in the article will be calculated as the numerator divided by the denominator; the latter includes non-capitalised direct costs related to research and development, building renovation activities, short-term leases, maintenance and repairs, as well as other direct costs associated with the daily maintenance of property, plant and equipment assets, incurred by the company or the third party to whom the activities are outsourced, and which are necessary to ensure the continuous and efficient operation of such assets.

In GAM's specific case, the denominator consists of short-term leases, maintenance and repairs, including spare parts used in repairs of fleet equipment.

The numerator is the amount of these expenditures that are associated with the activities that we have classified as Taxonomy-eligible.

In Inquieto's case, we have included leasing costs, mainly from renting and leasing industrial units, as well as the cost of spare parts and repairs for its zero-emission vehicles.

Furthermore, we have factored in the cost of repairs and spare parts related to equipment that does not produce emissions because it is electric or engineless, since, although most of the machinery owned by the company is not included in the vehicles listed in the Taxonomy, 82.1% of the fleet does not produce any emissions and therefore helps to mitigate climate change in accordance with Article 10, section 1) of the delegated acts.

c) el aumento de la movilidad limpia o climáticamente neutra;

For used sales, we have taken into account the leases, spare parts and repairs necessary to put equipment from the rental fleet in a saleable condition.

OpEX is not included in sales of spare parts, as no repairs or maintenance are carried out for this activity.

Annex IV: Report parameters and content index

Report parameters

General de Alquiler de Maquinaria S.A. has prepared this Statement of Non-Financial Information in accordance with the requirements established in Act 11/2018 of 28 December, amending the Spanish Commercial Code, the consolidated text of the Spanish Corporations Act approved by Royal Legislative Decree 1/2010, of 2 July, and Act 22/2015, of 20 July, on Auditing of Accounts, in relation to non-financial information and diversity, published in the Official State Gazette on 29 December 2018.

This Statement of Non-Financial Information has been prepared in accordance with the provisions of current commercial regulations and following the criteria of the selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI standards), and the other criteria detailed for each item in the "Content index required by Act 11/2018".

It covers the period from 1 January to 31 December 2023. The information contained therein for 2022 is provided for comparison purposes with the information for 2023.

The scope of this report includes the countries which, as a whole, account for the largest number of employees and volume of sales of the entire group, covering 100% of total staff and sales, respectively: Spain, Saudi Arabia, Portugal, Morocco, Colombia, Chile, Peru, Mexico, Dominican Republic, representing a total of 1,809 employees at year-end 2023 (1,333 employees as at 31 December 2022).

In addition, as no material changes have been identified in the information on which the materiality assessment was based, the analysis carried out for the 2022 report has been retained, including the level of importance of that information for each section of the Non-Financial Reporting Act, which will serve as the basis for the actions to be taken by the company in the medium and long term. This assessment consisted of identifying the most important aspects for the sector through leading independent advisors and internal consultations on the impact they have on the company. In sustainability reporting, materiality is the principle that determines which relevant topics are sufficiently important that it is essential to report on them. Not all material topics are of equal importance, and the emphasis within a report is expected to reflect their relative priority. When determining materiality, the organisation must take into account the outcomes of stakeholder engagement processes and the general expectations of society that are not directly identified through stakeholder engagement processes. Stakeholders are defined as entities or individuals who can reasonably be expected to be significantly affected by the activities, products or services of the reporting organisation or whose actions can be expected to affect the organisation's ability to successfully implement its strategies and achieve its objectives. This includes, among others, entities or individuals whose rights under international law or conventions grant them legitimate rights in relation to the organisation. Properly implemented systematic stakeholder engagement usually results in continuous learning for the organisation, and increased accountability to stakeholders. Accountability strengthens trust between the organisation and its stakeholders. Trust, in turn, strengthens the credibility of the report.

Information required under Act 11/2018	Page of the report where response is given	Reporting criterion: selected GRI (latest version unless otherwise stated)
GENERAL INFORMATION		
A brief description of the business model including your business environment, organisation and structure	4-8, 34-35	GRI 2-6 (2021)
Markets in which you operate		GRI 2-1 (2021) GRI 2-6 (2021)
The organisation's objectives and strategies		GRI 2-1 (2021)
Main factors and trends that may affect your future development		GRI 3-3 (2021)
Reporting framework used	56-61	GRI 1 (2021)
Principle of materiality	9-12, 56	GRI 3-1 (2021) GRI 3-2 (2021)
ENVIRONMENT		
ENVIRONMENTAL MANAGEMENT		
Management approach: description and results of policies related to these issues and the main risks associated with the group's activities which are related to these issues	9-20	GRI 3-3 (2021)
Detailed information on the current and foreseeable effects of the company's activities on the environment and, where relevant, on health and safety	12-20,29	GRI 3-3 (2021)
Environmental assessment or certification procedures	12	GRI 3-3 (2021)
Resources allocated to environmental risk prevention	13	GRI 3-3 (2021)
Application of the precautionary principle	11-14	GRI 2-23 (2021)
Provisions and insurance in place for environmental risks	13	GRI 3-3 (2021)
POLLUTION		
Measures to prevent, reduce or remedy emissions with a serious impact on the environment; taking into account any form of activity-specific air pollution, including noise and light pollution	12	GRI 3-3 (2021) GRI 305-7
CIRCULAR ECONOMY AND WASTE PREVENTION		

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Information required under Act 11/2018	Page of the report where response is given	Reporting criterion: selected GRI (latest version unless otherwise stated)
Preventive measures, recycling, reuse, other forms of recovery and disposal of waste	16-20,45	GRI 306-1 GRI 306-2
Measures to combat food waste	-	As GAM's core business is focused around machinery, this is not considered material.
SUSTAINABLE USE OF RESOURCES		
Water consumption and water supply within local limits	13	GRI 303-3 GRI 303-5
Consumption of raw materials and measures introduced to use them more efficiently	15-19,45	GRI 301-1
Direct and indirect energy consumption	12-15	GRI 302-1
Steps taken to improve energy efficiency	11-15	GRI 3-3 (2021)
Use of renewable energies	12-14	GRI 302-1
CLIMATE CHANGE		
Greenhouse gas emissions produced as a result of the company's activities, including use of the goods and services it produces	12-14	GRI 305-1 GRI 305-2
Measures adopted to adapt to the consequences of climate change	13-14,20	GRI 3-3 (2021)
Voluntary medium- and long-term reduction targets set to reduce greenhouse gas emissions and the measures implemented for this purpose	13-14,20	GRI 3-3 (2021) GRI 305-5
BIODIVERSITY		
Measures taken to preserve or restore biodiversity	20	GRI 3-3 (2021) GRI 304-3
Impacts of activities or operations on protected areas	-	As GAM's core business is focused around machinery, this is not considered material.
SOCIAL AND STAFF-RELATED		
EMPLOYMENT		

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Information required under Act 11/2018	Page of the report where response is given	Reporting criterion: selected GRI (latest version unless otherwise stated)
Management approach: description and results of policies related to these issues and the main risks associated with the group's activities which are related to these issues	20-31,34-35	GRI 3-3 (2021)
Total number and breakdown of employees by country, gender, age and professional category	21-23,46-48	GRI 405-1
Total number and breakdown of types of employment contracts and average annual number of permanent contracts, temporary contracts and part-time contracts by gender, age and professional category	22,46-48	GRI 2-7 (2021)
Number of redundancies/dismissals by gender, age and professional category	47	GRI 3-3 (2021)
Average wages and pay trends disaggregated by gender, age and professional category or equal value	21,23-24	GRI 3-3 (2021)
Wage gap, pay for equal or average jobs in the company	24	GRI 3-3 (2021)
Average pay of directors and executives, including variable remuneration, allowances, benefits, payments to long-term saving schemes and any other payments disaggregated by gender	24	GRI 3-3 (2021)
Implementation of right to disconnect policies	25	GRI 3-3 (2021)
Number of disabled employees	30	GRI 3-3 (2021)
WORK ORGANISATION		
Work time management	24-25	GRI 3-3 (2021)
Mechanisms and procedures that the company has in place to promote the workers' involvement in company management, i.e. information, consultation and participation	27-28,30-31	GRI 3-3 (2021)
Number of hours of absences	24-25	GRI 3-3 (2021) GRI 403-9
Measures aimed at facilitating a good work-life balance and promoting shared responsibility on the part of both parents	24-25	GRI 3-3 (2021) GRI 403-3
HEALTH AND SAFETY		
Health and safety conditions in the workplace	29-30	GRI 3-3 (2021) GRI 403-1 to 403-8

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Information required under Act 11/2018	Page of the report where response is given	Reporting criterion: selected GRI (latest version unless otherwise stated)
Workplace accidents, in particular their frequency and severity, as well as occupational diseases; disaggregated by gender	29-30	GRI 403-9 GRI 403-10
EMPLOYEE RELATIONS		
Organising dialogue with staff, including procedures for informing, consulting and negotiating with them	27-28,30-31	GRI 3-3 (2021)
Percentage of employees covered by collective bargaining agreements by country	30	GRI 2-30 (2021)
Overview of collective bargaining agreements, particularly in relation to occupational health and safety	30	GRI 3-3 (2021) GRI 403-4
TRAINING		
Mechanisms and procedures that the company has in place to promote the workers' involvement in company management, i.e. information, consultation and participation	27-28,30-31	GRI 3-3 (2021)
Training policies implemented	26-29	GRI 404-2
Total number of hours of training by professional category	27,43,48	GRI 3-3 (2021) GRI 404-1
UNIVERSAL ACCESSIBILITY		
Universal accessibility for disabled people	30	GRI 3-3 (2021)
EQUALITY		
Measures adopted to promote equal treatment and opportunities between women and men	30	GRI 3-3 (2021)
Equality plans, measures introduced to promote employment, protocols against sexual harassment and gender-based harassment	30	GRI 3-3 (2021)
Anti-discrimination and, where appropriate, diversity management policy	30	GRI 3-3 (2021)
HUMAN RIGHTS		
Management approach: description and results of policies related to these issues and the main risks associated with the group's activities which are related to these issues	34-38	GRI 3-3 (2021)

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Information required under Act 11/2018	Page of the report where response is given	Reporting criterion: selected GRI (latest version unless otherwise stated)
Implementation of human rights due diligence procedures and the prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and remedy any abuse committed	35-38	GRI 2-23 (2021) GRI 2-26 (2021)
Reporting cases of human rights violations	38	GRI 3-3 (2021) GRI 406-1 (2016)
Measures implemented to promote and enforce the provisions of the ILO fundamental conventions concerning respect for freedom of association and the right to collective bargaining; the elimination of discrimination in employment and occupation; the elimination of forced or compulsory labour; the effective abolition of child labour	35-38	GRI 3-3 (2021)
COMBATING CORRUPTION AND BRIBERY		
Measures introduced to prevent corruption and bribery	34-37	GRI 3-3 (2021) GRI 2-23 (2021) GRI 2-26 (2021) GRI 205-3
Management approach: description and results of policies related to these issues and the main risks associated with the group's activities which are related to these issues	34-37	GRI 3-3 (2021)
Measures to combat money laundering	35-37	GRI 3-3 (2021) GRI 2-23 (2021) GRI 2-26 (2021) GRI 205-3
Contributions to foundations and non-profit organisations	26	GRI 2-28 (2021) GRI 415-1
SOCIETY		
THE COMPANY'S COMMITMENT TO SUSTAINABLE DEVELOPMENT		
Management approach: description and results of policies related to these issues and the main risks associated with the group's activities which are related to these issues	25-26,34-35	GRI 3-3 (2021)
The impact of the company's activity on employment and local development	25-26,42-44	GRI 3-3 (2021)

Information required under Act 11/2018	Page of the report where response is given	Reporting criterion: selected GRI (latest version unless otherwise stated)
The impact of the company's activity on local communities and the region	25-26,42-44	GRI 3-3 (2021)
Relations with local community actors and forms of dialogue with them	25-26,42-44	GRI 2-29 (2021)
Partnership or sponsorship activities	26	GRI 3-3 (2021)
SUBCONTRACTING AND SUPPLIERS		
Inclusion of social, gender equality and environmental issues in procurement policy	39-41	GRI 3-3 (2021)
In dealings with suppliers and subcontractors, taking account of their social and environmental responsibility	39-41	GRI 2-6 (2021)
Monitoring and auditing systems and results thereof	39-41	GRI 2-6 (2021)
Consumer health and safety measures	41	GRI 3-3 (2021)
Complaint systems, complaints received and resolution thereof	41	GRI 3-3 (2021) GRI 418-1
TAX INFORMATION		
Country-by-country profits	38-39	GRI 3-3 (2021) GRI 207-4
Corporation tax paid	38-39	GRI 3-3 (2021) GRI 201-1 GRI 207-4
Public grants received	38-39	GRI 201-4