CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. AND SUBSIDIARIES COMPOSING THE CAF GROUP (CONSOLIDATED)

HALF-YEAR 2024 REPORT

JULY 2024

Index

CONSOLIDATED INTERIM DIRECTORS' REPORT

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

1 CAF GROUP BUSINESS MODEL AND OUTLOOK

At the end of the first year of the new strategic cycle (2023-2026 Strategic Plan), the Group has made positive progress with all workstreams defined and aligned with this plan to achieve the announced target results.

Thus, CAF is today a multinational group with over 100 years' experience, characterised by:

- It is one of the international leaders in the implementation of integrated rail and bus mobility solutions, with extensive experience tackling projects throughout the entire project life cycle (analysis and feasibility studies, system design and engineering, system construction and manufacturing, installation and commissioning, operation and maintenance, and even financing) in a multitude of geographies.

    - In the railway sector, the Group offers its customers one of the broadest and most flexible product ranges on the market, from complete transport systems to rolling stock (components, infrastructure, signalling and services (maintenance, rehabilitation and financing). These capabilities and the CAF Group's current range of solutions place it on a par with the leading players in the sector. Within this area, the rail vehicle business generates and anchors other activities and rail services provide profitability, complemented by integrated solutions and systems, which are expected to make an increasing contribution to the Group.

    - In the field of buses, CAF, through Solaris, has been a pioneer in the development of new products and currently has the most complete range of low- and zero-emission solutions while, at the same time, presenting a unique positioning in electromobility, due to its leadership position in zero-emission buses, itsunique real experience in electromobility, its strong zero-emission technology proposal (electric and hydrogen) and for having all the advantages of conventional technologies but without its own internal combustion engine production activities that condition our decisive transition towards electromobility. All in all, Solaris, and thus CAF, is ahead of its European competitors in terms of portfolios, actual experience and market share.

    In both cases CAF serves the most diverse range of customers worldwide: from municipalities and regional or national public or private administrations, to other railway manufacturers and private companies operating or maintaining systems, or even transport authorities that require consortium structures accompanied by entities with a financial profile.

- Being number one in sustainable urban mobility, with a value proposition that no other company can match (metros, trams and LRVs, low- and zero-emission buses), with high technological synergies and cross-selling opportunities between the railway and bus worlds, in a context in which urban public transport will be a key pillar in any future mobility scenario.

- Being at the technological forefront, investing in key innovation areas for mobility (decarbonization, automation, digitalization and competitiveness) in order to build sustainable, interconnected, multimodal and safe mobility.

- Being global, with a prominent positioning in Europe. CAF is present in more than 60 countries in the world and has, in the railway sector, an industrial presence in Spain, France, the United Kingdom, the United States, Brazil and Mexico, with over 100 maintenance centres in the world and more than 200 projects executed worth c. EUR 30,000 million, over 4,800 trains delivered and more than 1,000 refurbished cars to its name. In the bus section, CAF has an industrial establishment in Poland, with buses sold to more than 850 cities in 32 countries and over 25,000 buses in operation.

    In recent years, the Group has focused commercially on Europe, where it has also aligned itself industrially (expansion of capacity in France, new production base in Newport-United Kingdom, industrial establishment in Poland through the acquisition of Solaris and the incorporation of maintenance workshops in the Nordic region by EuroMaint).

- Having a human team of nearly 16,000 highly-qualified people, aligned with the project and with a shared culture, highlighting that, of the around 6,200 university graduates, approximately 3,000 are engineering professionals in innovation activities, product design and project management.

- Be sustainable, presenting sustainability ratios above the sector average, with a "low risk" rating according to the Sustainalytics agency or the "Platinum" medal awarded by Ecovadis. And, furthermore, moving forward with a significant reduction of scope 1&2 and 3 emissions in line with the objectives defined in the Strategic Plan.

- Be solvent and have a proven financial capacity, with a controlled financial net debt / EBITDA ratio.

- All this, in a context of a high level of satisfaction and repeatability of its customers, which demonstrates the high level of trust of the authorities and administrations from all over the world in CAF, and which gives CAF high visibility of the business for the coming years, on having a portfolio worth around EUR 14,000 million .

As already announced at the end of last year, the aforementioned Strategic Plan shows the following first-level objectives for 2026:

- To grow above the market and obtain total sales close to EUR 4,800 million
- To place the Operating Result in 2026 at around EUR 300 million
- To distribute dividends in progression with the results
- To maintain our financial stability, with a balanced Net Financial Debt / EBITDA ratio
- To reduce scope 1 and 2 emissions by up to 30%, and up to 40% in scope 3, compared to 2019, with the ultimate goal of becoming a net zero emissions company by 2045

The full document for the 2023-2026 Strategic Plan is available on CAF's corporate website (www.caf.net/es).

Since the definition of the 2026 Strategic Plan in the second half of 2022, the hypotheses on which said plan was based have been evolving due to various changes in the context: geopolitical (for example, the conflicts in Ukraine and the Middle East) and macroeconomic (for example, high interest rates, persistent inflation and supply shortages), as well as on the domestic front (for example, record contracting at the end of 2022 exceeding expectations).

We must recall that in 2024, we aspire to grant continuity to the cycle of growth in activity and results and to maintain the currently financial stability:

- Book-to-bill ≥ 1, emphasising selective hiring
- Sales growth of more than 10% compared to the previous year
- An improvement in profitability compared to 2023
- A dividend in line with the evolution of results
- A stable net financial debt compared to the previous year
- Improvement of the rating of ESG ratios in terms of sustainability

Among the main milestones attained to date within each of the four strategic axes, the following stand out:

1. Commercial focus:

   - First of all, the contracts with Metro Madrid should be highlighted. The company is immersed in a renewal plan, with lending from the European Investment Bank, with two tenders for wide and narrow gauge metro trains. Continuing with the excellent relationship between the companies, CAF has been awarded 40 wide-gauge trains and pending the resolution of the second tender, CAF is very well positioned for the award of another 40 narrow-gauge trains.
   - In the rest of Europe, CAF has signed a new contract for 10 commuter trains for the Dutch operator Qbuzz, reinforcing its position as a main operator in the area of sustainable transportation in the country. In addition, a contract has been awarded for up to 110 metro units for the city of Oslo, which must adapt to the demanding weather conditions of snow and extreme temperatures.
   - In the United States, in the state of Nebraska, signing of a new contract for up to 35 trams without overhead catenary power lines, and it is the first state to implement CAF technology.
   - Regarding Solaris, it has been selected in France, for the first time, to supply hydrogen buses, reinforcing its leadership in the European hydrogen market.

2. Operational efficiency:

As part of its Strategic Plan, CAF plans to improve efficiency in production, engineering and purchasing, and complement the current footprint with new industrial capacities that accompany the commercial focus with the strategic geographies described in the Plan, while capturing cost efficiencies.

Within the battery of measures associated with said improvement, it is worth highlighting the preparation and implementation of the detailed plan to ensure the capacity and competitiveness of the operations to execute the current backlog in terms of time, cost and quality.

Likewise, the improvement of the efficiency of production processes is also being promoted through the implementation programme for the new Digital Operating Model (SOM), as well as the RSNEXT transformation programme, which focuses on improving profitability within the services area.

Without forgetting many other initiatives within the technological field whose ultimate goal is to improve the competitiveness of the product throughout its entire life cycle.

3. Innovation:

- Decarbonization and zero emissions program progressing on its different fronts. Specifically, progress in the development of alternative propulsion means (electric and hydrogen), with the hydrogen train successfully completing the tests in Spain and Portugal as part of the FCH2Rail European project.

- Autonomous and automatic mobility program, highlighting the development of (i) remote and autonomous driving in trams and ADAS for buses; and (ii) CBTC for automatic metro.

- Product development program for Solaris, with the objective of addressing the opportunities for European electric intercity bus and electric city bus for the North American market.

4. Sustainability:

Matters of note in the first half of 2024 were the launch of the first Green and Sustainable Finance Framework, the update of its Suppliers Code of Conduct and the performance of the Double Materiality Analysis.

Regarding qualifications and recognitions, highlight the improvement of the MSCI ESG rating from A to AA, the maintenance of low risk by Sustainalytics and the recognition of CAF as one of the 30 most sustainable companies by the prestigious S&P index.

For more information, consult section 7 "Environmental, social and governance aspects" of this report.

2 BUSINESS PERFORMANCE AND RESULTS

Main indicators (*)

Figures in millions of euros	2024 First-half	2023 First-half	Change (%)
Order intake			
Order intake in the period	1,723	1,964	-12%
Order intake / Revenue ratio (Book-to-bill)	0.8	1.0	-17%
Backlog (**)	13,843	14,200	-3%
Backlog / Revenue ratio (**)	3.6	3.7	-2%
Profit and Cash flow			
Revenue	2,080	1,877	11%
Profit/(Loss) from operations (EBIT)	102	85	20%
EBIT margin	4.9%	4.5%	8%
Consolidated profit/(loss) for the period attributable to the Parent	52	34	52%
Investment in working capital (**)	14	(74)	-119%
CAPEX	40	29	39%
Cash flow	(28)	(31)	-10%
Capital management and liquidity (**)			
Net Financial Debt	284	256	11%
Net Financial Debt / 12-month adjusted EBITDA ratio	0.9	0.9	4%
Available liquidity	926	956	-3%
Equity attributable to the Parent	857	855	0%
Stock market capitalisation	1,203	1,118	8%

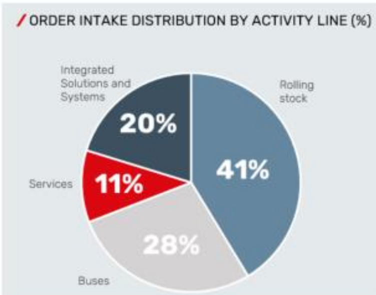
(*) Section 9 Alternative Performance Measures explains and adds the reconciliations of those indicators that have not been directly extracted from the interim condensed consolidated financial statements.
(**) Comparative figures under "Backlog", "Backlog/Revenue ratio", "Investment in working capital" and in the "Capital management and liquidity" section relate to 31/12/23.

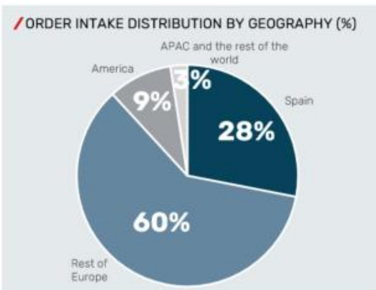
ORDER INTAKE

CAF's order intake level has reached the figure of EUR 1,723 million, 12% lower than the previous year. A high volume of opportunities remains to be realised during the rest of the year. The Book-to-Bill ratio is 0.8. The breakdown of the order intake by line of activity and geographical area is as follows:

Order intake as of 30/06/2024 does not include contracts awarded, but not yet signed, for a value of around €170m.

The level of **business prospects for the rest of the financial year continues to be robust.**





The order intake of medium-sized projects, particularly in the railway segment, **speeds up order intake in Q2 2024**.

Up to approx. €900m in future options associated with contracts announced in Q2 2024.

Btb=0.8 for the Group in the first half of the year.
Btb=0.8 in the railway segment.
Btb=1.1 in the buses segment.

In the railway segment, H1 2024 order intake includes, amongst others:
- Rolling stock in Spain, Norway, the Netherlands and the USA.
- Integrated systems in Mexico and signalling systems in Spain.
- Maintenance contract renewals in various geographies, with Europe being particularly notable.

In the buses segment, **Solaris achieved new commercial success in H1 2024** due to high market demand for zero-emission vehicles. This led to a **record number of bids being submitted, with awards still pending.**

By country, **CAF continues to benefit from the ongoing renewal of the vehicle fleet in Spain**, in this case thanks to Metro Madrid.

BACKLOG

The above has allowed, despite the significant increase in sales during the period, the backlog to remain at a level close to EUR 14 billion. This high backlog level provides elevated visibility regarding future sales. Likewise, it is characterised by its broad diversification, both geographically and by business.

¹ Ratio at 30/06/2024 calculated based on 2023 revenue.

Slight downward adjustment of the backlog as execution extends beyond order intake for the period.

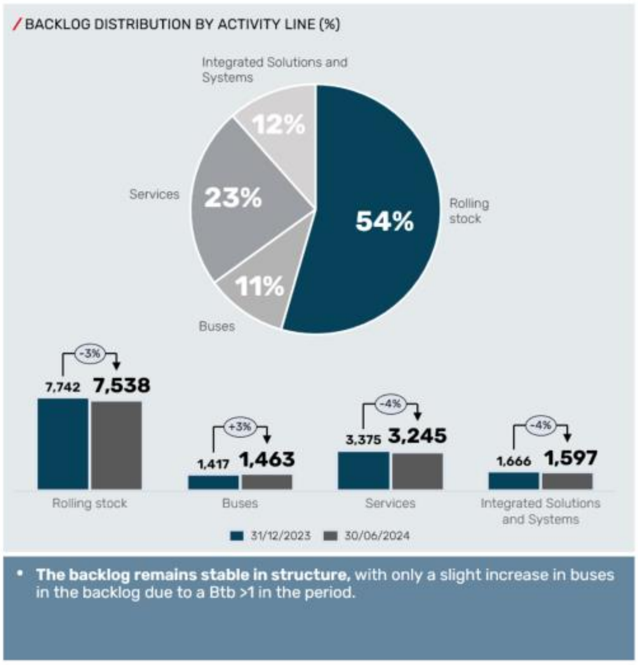
The current backlog ensures a significant portion of the projected growth in the current Strategic Plan, with a timeline extending to 2026.

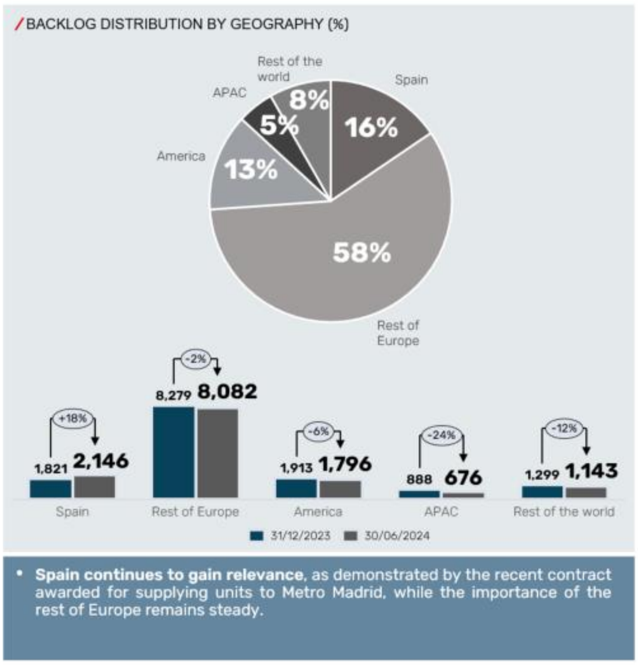
This backlog **does not include** the following contract awards, that are awaiting signature, for a total value of around **€170m**:

- Signalling contracts for ADIF (Spain).
- Contracts for electric buses in Europe.

Extensive future options that can be exercised by the customer associated with contracts in the backlog are also not included.

Spain's contribution to the Group's backlog is witnessing a slight increase.





RESULTS

The changes in all variables have been highly positive in all profit and margin lines, raising the Group's earnings by 52% on the previous year.

(EUR million)	H1 2023	H1 2024	Var. H1 2024/H1 2023
REVENUE	**1,877**	**2,080**	**+11%**
OPERATING RESULT - EBIT	**85**	**102**	**+20%**
% EBIT Margin	**4.5%**	**4.9%**	
Financial result	(29)	(25)	-14%
Finance income	6	13	+102%
Finance cost	(35)	(32)	-8%
Exchange rate differences	(2)	(5)	+138%
Other financial Costs/Income	1	(1)	
Result of companies accounted for using the equity method	**5**	**3**	**-45%**
PROFIT (LOSS) BEFORE TAX	**61**	**79**	**+31%**
Income tax	(25)	(25)	+3%
Net profit (loss) after tax	36	54	+49%
Non-controlling interests	1.6	1.6	+1%
PROFIT (LOSS) ATTRIBUTABLE TO THE PARENT COMPANY	**34**	**52**	**+52%**

Double-digit growth in consolidated revenue, driven by the railway segment.

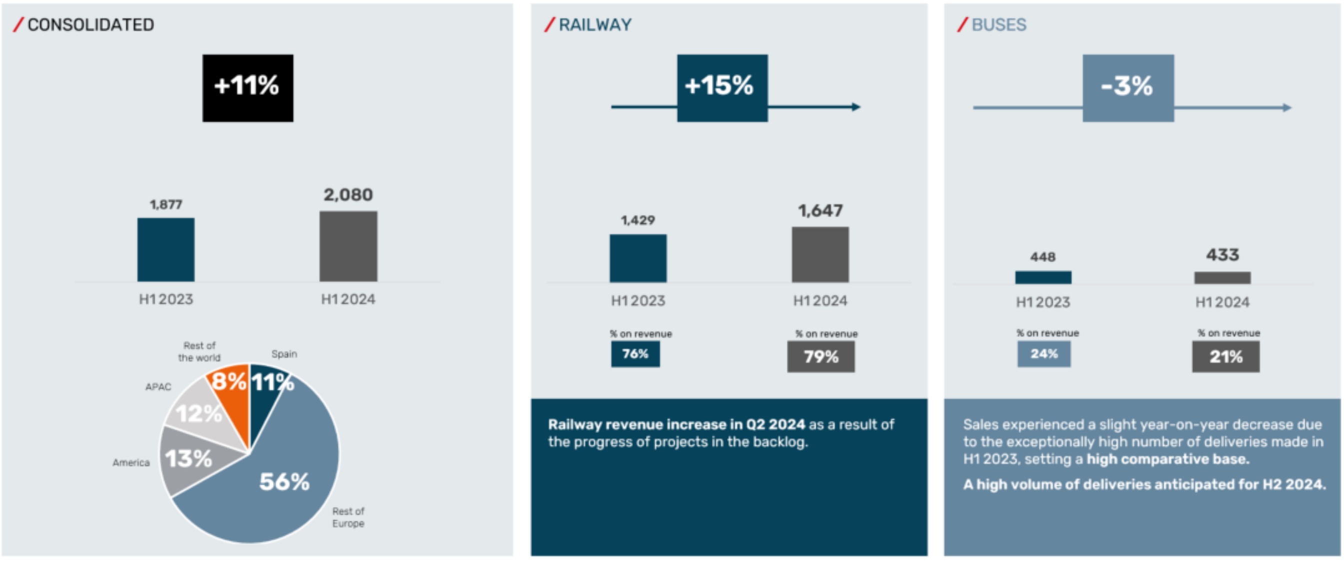
The operating result increase exceeds revenue growth and results in a 40-basis-point expansion of the EBIT margin, demonstrating the **Group's good progress in improving profitability.**

Improvement in the financial result, driven by positive cash surplus performance and a lower financial expense associated with debt.

This, together with maintaining tax burdens, results in a **52% increase in the company's net income**, reaching €52m in the first half-year period.

Revenue

The Group's revenue is at its maximum level, up 11% on the previous year.

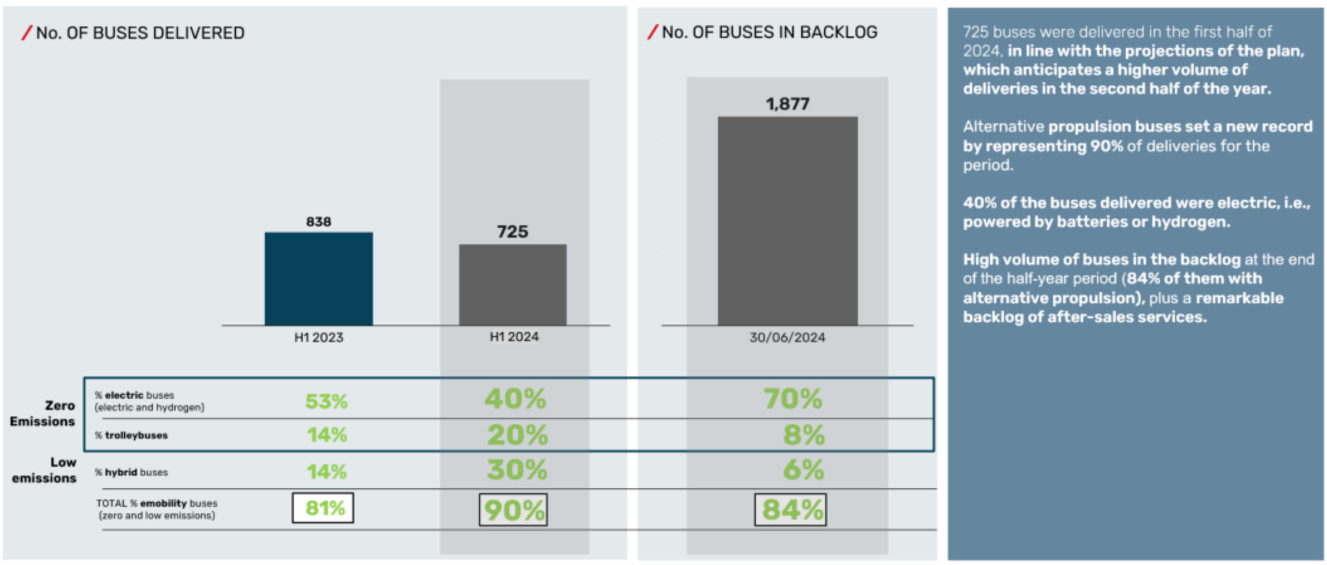


Railway segment revenue

All lines of activity increased with respect to the previous year:

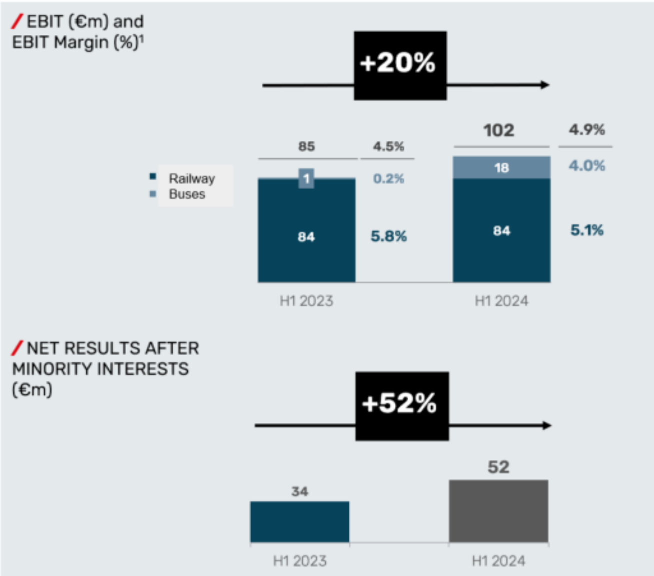
Bus segment revenue

The number of buses delivered by Solaris is lower than the previous year, due to the extraordinarily high level of deliveries in the same period of the previous year to rectify the situation caused by the components crisis. Alternative propulsion buses reach a record by representing 90% of deliveries for the period.



EBIT

The Group's EBIT was EUR 102 million (4.9% of sales), 20% higher than the previous year. The EBIT of the Railway segment remains at similar levels to the previous year, while the EBIT of the Bus segment reflects a year-on-year improvement of EUR 17 million.



[1] The Bus EBIT figure disclosed already excludes the amortisation of Solaris being taken by the CAF Group (approx. €6m/year).

The **Group's EBIT shows a 20% increase**.

Net income expands significantly by 52%, a figure to which Solaris, again, contributes positively.

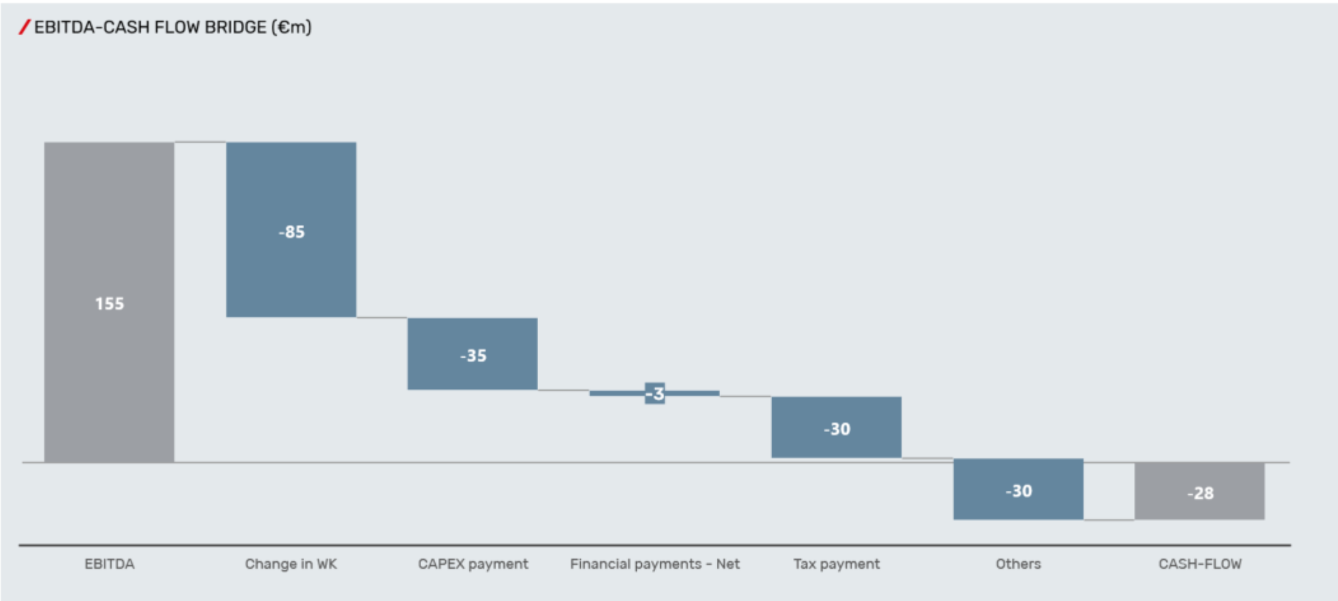
By segment:

Railway:
Result and margin affected by the execution of projects impacted by the increase in costs and, to a lesser extent, by the temporary effect of the implementation of new IT management systems.

Buses:
Substantial improvement in EBIT and significant progress with regards to earnings, **confirming the gradual recovery** of the backlog's profitability.

CASH FLOW AND BALANCE SHEET

The Cash-Flow for the period was EUR -28 million, in line with the forecasts for the period. In this way, the Net Financial Debt remains at EUR 284 million and the Net Financial Debt/EBITDA ratio at 0.9 times. The Net Financial Position continues to be robust, providing good support to the 2026 Strategic Plan.

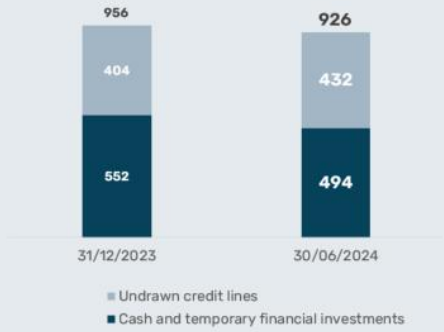


NET FINANCIAL DEBT (€m)

Gross Financial Debt	820	789
Treasury and Financial Investments	564	505
Net Financial Debt	**256**	**284**

GROSS DEBT CONTINUES TO DECREASE IN THE FIRST HALF OF THE YEAR

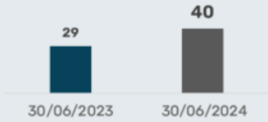
LIQUIDITY (€m)



The balance sheet remains under control. There was a rise in working capital, already forecast, mainly due to the increased activity of the Bus segment.

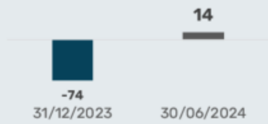
(EUR million)	31/12/2023	30/06/2024
Fixed Assets	1,371	1,321
Working Capital	(74)	14
Net Assets	**1,297**	**1,335**
Equity	868	868
Net Financial Debt	256	284
Other assets and liabilities	173	183
Equity and Net Liabilities	**1,297**	**1,335**

CAPEX (TANGIBLE + INTANGIBLE) (€m)



Intangible	15	25
Tangible	14	15

WORKING CAPITAL (€m)



The **increase in Solaris' inventory levels, linked to the rise in activity**, primarily explains the evolution of working capital.

3 RAILWAY SEGMENT

COMMERCIAL ACTIVITY

In the first half of 2024, CAF has reached an order intake level in the railway segment of EUR 1,244 million, which has allowed, despite the high level of revenue, to have a backlog of EUR 12,380 million. The Book-to-Bill ratio is 0.8. The volume of opportunities for the rest of the year continues to be robust.

The main Contracts awarded in the semester were as follows:

Europe

Metro de Madrid has formalized a contract with CAF for the supply of 40 wide-gauge trains intended to provide service on lines 6 and 8 of the metropolitan network. These new units will initially provide a semi-automatic service, that is, with a driver, although it is expected that over their useful life, they may operate fully automatically without a crew. The contract includes additional options in the future.

The Madrid metro system, which operates the third largest metro network in Europe, in terms of extension, only behind Moscow and London, is immersed in a renewal plan, financed with loans from the European Investment Bank to achieve increased energy efficiency and greater public transportation capacity. This modernization will contribute to increasing the quality of service that citizens receive, since the new rolling stock units offer superior performance to many of those currently in circulation. The formalisation of the wide-gauge train contract is soundproof of the historical relationship existing between both companies, since today the vast majority of the train fleet that circulates on the capital's suburban network has been supplied by CAF (over 600 metro units belonging to the 2000, 3000, 5000, 6000, 8000 and 8400 series).

In the Norwegian capital of Oslo, Sporveien, the public urban transport operator in the municipality of Oslo, formalised a contract with CAF to supply 20 metro trains and their corresponding spare parts, also contemplating the option to increase the number of units by up to 90 additional units to serve the Oslo metro network, T-Bane, which structures the city through its over 85 kilometres of track. All CAF mobility solutions are designed to operate in the demanding weather conditions of snow and extreme temperatures typical of the Norwegian capital's climate. These new metro units will have batteries on board, providing the possibility of autonomous movement in the event of the accidental absence of voltage in the overhead contact lines, allowing passengers to be evacuated safely at a line station or the possibility of moving in the operator's deposit without the need for overhead contact lines.

In the Netherlands, the public transport operator Qbuzz has trusted CAF to supply 10 commuter trains to serve the line linking the cities of Dordrecht and Geldermalsen (the "MerwedeLinge line"). These new trains will substitute the units that currently cover the line's service and that do not have the ERTMS signalling system, which do include the new units, whose implementation on part of the line is envisaged for 2027, granting Qbuzz the possibility to improve its frequency by significantly increasing operational safety with respect to current operations.

Lastly, CAF's success in various ADIF and ADIF High Speed tenders should be highlighted. In the conventional and meter gauge network, CAF has formalised contracts to modernise the Ourense Traffic Control Centre, the renewal of the signalling and landline telecommunication systems in the Trubia - Collanzo, Trubia – San Esteban de Pravia and Pravia – Cudillero tranches, all of them in Asturias, and the elimination of the C9 line's Telephone Blocking system in Madrid's commuter network. In the high speed network and to boost the Mediterranean Corridor, as a member of the winning consortium, CAF will participate in the execution of the project that envisages the drafting of the basic construction projects, the execution of works, conservation and maintenance of the interlocking facilities, train protection system, CTC, ancillary detection systems, landline telecommunication and energy supply systems on the Murcia-Almería line and the Pulpí-Aguilas fork.

It should be noted that CAF has also achieved another great milestone in the signalling business with its first contract in the United Kingdom, obtaining third position in the ERTMS Level 2 digital signalling framework agreement (lot 2). This agreement is part of the plan to modernize railway signalling systems in the United Kingdom that will be carried out by Network Rail, the company that owns and manages the infrastructure of most of the railway network in England, Scotland and Wales.

In collaboration with the British company AtkinsReális, CAF will install its advanced ERTMS level 2 technology and Quasar electronic interlocks, using complete, scalable and interoperable ERTMS solutions, thus achieving a high degree of availability in critical safety operations and responding to the operational needs of Network Rail.

The agreement will materialize over the next decade, in which the chosen consortia will sign various contracts for the provision of digital signalling services aimed at the renewal of the Train Control Systems. This ensures CAF a significant and continued business volume for the coming years in the country, in addition to positioning the company as one of the future providers of this type of services in the British market.

Other markets

In the state of Nebraska in the United States of America, Omaha Streetcar Authority, the interlocal agency created between the city of Omaha and OmahaMetro for the development of the city's new tram network project, has contracted with CAF to supply the units that will provide service on the aforementioned line. The contract contemplates the initial supply of six trams with their corresponding spare parts and special tools, with the agreement contemplating the option of increasing this number in the future by up to 29 additional units. The trams have the capacity to operate on sections without catenaries thanks to on-board energy technology, thus making the state of Nebraska the first to have vehicles with this CAF technology. The new tram line is expected to enter into service in 2027 and will have 16 stops over its almost 5 kilometres, covering the city towards the east through Harney Street and towards the west through Farnam Street, connecting the historical district of Blackstone with the centre of Omaha.

Finally, we should highlight the hydrogen train project, which under the European FCH2Rail project has successfully completed its tests in Spain and Portugal, becoming the first hydrogen train to circulate in Portugal. This project promoted by CAF has the collaboration of leaders in the research and implementation of environmentally friendly solutions, such as Toyota, Renfe and ADIF.

INDUSTRIAL ACTIVITY

In total, over 24 projects have encompassed, over the first semester of 2024, the industrial activities of the production centres in the area of railway vehicles which, in total, have led to the completion of 468 cars in 19 projects.

Some of these projects have completed the manufacturing of all the units that make up the project, as is the case of the contract for 8 Trams signed with the city of Granada, which has been completed with the delivery of the last 5 units.

In the remaining projects, some commenced in prior years, deliveries continued, as in the case of two 2-car trains and another seven 3-car DMUs (Diesel Multiple Units) manufactured for the operator Wales & Borders, or the four Alpine trains for RENFE of the second batch of the RAMYA project, seven 6-car trains for Myanmar, three metro units, broken down into 6 cars, for the Brussels metro system, and seven 3-car trains for the contract signed with the Amsterdam metro system, 12 units of the order for 43 trains for Docklands, 10 trams for the Belgian town of Antwerp, 16 trams of the 87 contracted by the city of Oslo, 15 trams, broken down into 5 modules, for the city of Jerusalem, 1 tram, of the 15 contracted, for the city of Lisbon and two trams, broken down into 7 modules, for the city of Freiburg.

Also of note are those projects in the start-up phase of which the first units have begun to leave the factories, as is the case of the first two bimodal traction locomotives for the French operator RATP, the first two commuter trains for the city of Majorca, the first three commuter trains for the city of Auckland, New Zealand, three of the five trams of the contract signed with the city of Canberra, the first three trams for Kansas and the first tram for the German city of Essen.

The most relevant products manufactured during the first half of 2024 were the following:

	No. cars
Medium-distance DMU Wales and Borders (2-car unit)	4
Medium-distance DMU Wales and Borders (3-car unit)	21
Commuter trains RENFE – RAMYA Lot 2	8
Commuter trains Myanmar	42
Commuter trains Majorca	8
Commuter trains Auckland	9
Brussels Metro	18
Amsterdam Metro	21
Docklands Metro	60
Antwerp Tram (Bidirectional)	50
Oslo Tram	80
Jerusalem Tram	75
Lisbon Tram	5
Granada Tram	25
Freiburg Tram	14
Canberra Tram	15
Kansas Tram	9
Essen Tram	2
RATP bimodal locomotives	2
TOTAL	**468**

BOGIES	
With mechanic-welded chassis	567

WHEEL SETS AND COMPONENT UNIT - MiiRA	
Wheelset (power car + push-pull car)	2,071
Axles	5,912
Monoblock wheels	35,063
Resilient wheels	1,367
Gearboxes	1,687
Wheel tyres	647

R&D&i ACTIVITY

In the last months of fiscal year 2023, the CAF Group's new Innovation Management Plan for the year 2024 was defined, aligned with the Strategic Plan.

The Innovation Management Plan, defined according to the Innovation Process, includes the innovation projects of the following businesses: CAF Rolling Stock, CAF I+D, Rail Services, MiiRA, CAF Power & Automation, CAF Signalling, CAF Turnkey & Engineering, Lander, Orbital, Cetest and Solaris.

The Innovation Management Plan contemplates more than one hundred projects grouped into the following Innovation Programs:

- **Zero emissions**
  - Alternative propulsion systems such as those based on energy storage in batteries or the use of Hydrogen as fuel
  - Reduction of energy consumption through on-board energy optimization and management systems
  - Reduction of other emissions such as EMC and Noise
- **Autonomous and automatic vehicle**
  - Remote autonomous driving on trams and ADAS for buses
  - Development of CBTC for automatic underground systems
  - Automation of mainline systems and ERTMS evolution
  - Enabling technologies such as 5G and secure positioning
- **Digitalisation**
  - Projects aimed at reducing costs or deadlines
  - Implementation of cybersecurity and Digital Platform
  - Digital Twin Technologies and Artificial Intelligence
- **Product portfolio extension**
  - Transportation systems: Improvement of the data generation process to set up signalling systems, standardisation of tram systems and substations.
  - Railway vehicles: SIL 3 certified emergency brake for tram vehicles. Low floor LRV for the USA.
  - Buses: Interurban electric bus for the European market. Urban electric bus for the US market.
  - Services: Train and track geometry monitoring systems.

All of the above combined the execution of projects aimed at assimilating technologies with the development of products based on such technologies and strategic projects.

To finance these projects, the Group has relied on various types of R&D subsidies, most notably the aid obtained from:

- Provincial Government of Gipuzkoa
- Basque Autonomous Community Government
- Government of Spain
- French Government
- European Commission

In addition, we have continued to collaborate very intensively with different technology centres and universities.

The CAF Group is participating in collaboration projects within the scope of national programs and also the European framework program Horizon Europe. Noteworthy projects included:

- **FCHRAIL,** a project within the framework of FCH JU (Fuel Cells and Hydrogen Joint Undertaking), involving the design and manufacture of a prototype based on an existing RENFE three-car commuter unit. Under this project, a new electric generation system will be installed based on the hybridisation of energy from hydrogen cells and batteries, making it one of the first railway demonstrators of a bimode vehicle with a hydrogen cell.

- **EURAIL,** In 2022, CAF formalised its participation as a founding member in the EU RAIL initiative. This programme promotes R&D in the railway sector in Europe with a contribution of over EUR 1,200 million. In this regard, it participates in five large projects whose operations began in 2023.

- **CLUG 2.0,** a project driven by the main European infrastructure managers, aims to demonstrate an autonomous train localisation system involving a SIL4 level of safety that does away with the need for signalling infrastructure.

- **ERABIL+,** a project located within the Zero Emissions initiative that shares the objectives of the H2PLAN project and which also favours collaboration and guarantees the competitiveness and excellence of the agents of the Basque Research Network, around technologies for the use of hydrogen in industry and mobility applications, adapted to the needs of the Basque industrial fabric and which can be easily transferred.

- **RAILSPACE**, a project that responds to CAF's strategy of researching, studying and training in fundamental digital disciplines for the mobility sector, to bring closer open, interoperable and cybersecure Data Spaces as a transformative lever to modernise the railway sector.

- **MODCA**, a project that will address the technological field of materials and manufacturing process with the objective of reducing as much as possible the duration of the fatigue test in the approval of the primary conical rubber/metal suspensions of the bogies. The objective pursued is to reduce the usual duration of the test from one month to at least one week and preferably a couple of test days.

- **SILICON BURMUIN**, a project comprising a total of 10 agents from the Basque Network that will focus on the use of knowledge in neuroscience existing in the Basque Country to generate a disruptive Neuomorphic IP due to the current compromised situation of production following the scarcity of microelectronic components and systems.

- **TCRINI2**, a project made up of a total of eight agents of the Basque Network, aims to develop technologies that allow maintenance work to be optimised. The developments carried out within this project will take advantage of current developments in areas such as artificial intelligence, Big data, Digital Twins, cloud computing, etc., to apply them to the field of maintenance of critical elements of railway and road infrastructure.

- **AUTOTRAM**, a project encompassed within the autonomous vehicle initiative, mainly aims to develop methodologies and tools for 3D modelling and simulation that allow the validation of new safe absolute positioning systems and train the industry in the virtual validation of autonomous trams.

- **DYNAMAIN**, a project included in the Digitalisation initiative to evolve the LeadMind platform, by adding predictive functionality through the development of an intelligent layer that will allow a paradigm shift in the maintenance of railway assets towards dynamic smart maintenance based on CBM (Condition Based Maintenance). A maintenance strategy for the vehicle and its systems will be enabled based on the actual and expected health status, instead of current strategies based on the kilometres travelled by the train.

- **IT4OCC**, a project framed in the Digitalization initiative that aims to investigate enabling technology with which to develop an automated system for managing digital train services from the ground in order to reduce the costs associated with start-up, management and operation of digital train services.

- **DATACCESS**, project encompassed in the Digitalisation initiative that generally aims to facilitate access to a massive database originating from the railway system through Cloud Computing tools based on data Cybersecurity. All of this will enable access to both internal and external users who will be able to interact with the information to exploit it as appropriate.

- **AIDOL**, a project encompassed in the Digitalisation initiative that aims to provide the internal tool LOTO (Life Cycle Cost Optimization Tool Box) with Artificial Intelligence which, from the railway Dynamics perspective, enables the complex interactions between the Dynamic variables and operation conditions to be modelled, simulated and foreseen, together with the costs associated with the maintenance and operation of railway assets.

- **RAILABEL**, a project encompassed within the Digitalisation and autonomous Vehicle initiative, and more specifically, in the technological area of Artificial Intelligence. The project aims to develop an agile multi-sensor data labelling and data processing module, validated and compliant with the OpenLabel automotive standard. The validation of these systems ranges from the collection and processing of real-time operation data to the simulation of complex and varied scenarios. This is essential to ensure that advanced driving systems can effectively cope with and respond to a wide range of conditions, from adverse weather to emergency situations.

- **BAYESRAIL**, a project encompassed in the Digitalisation initiative, which aims to improve the accuracy and reliability of digital models, taking advantage of the information available on CAF's Digital Platform, and applying Bayesiana advanced interference techniques.

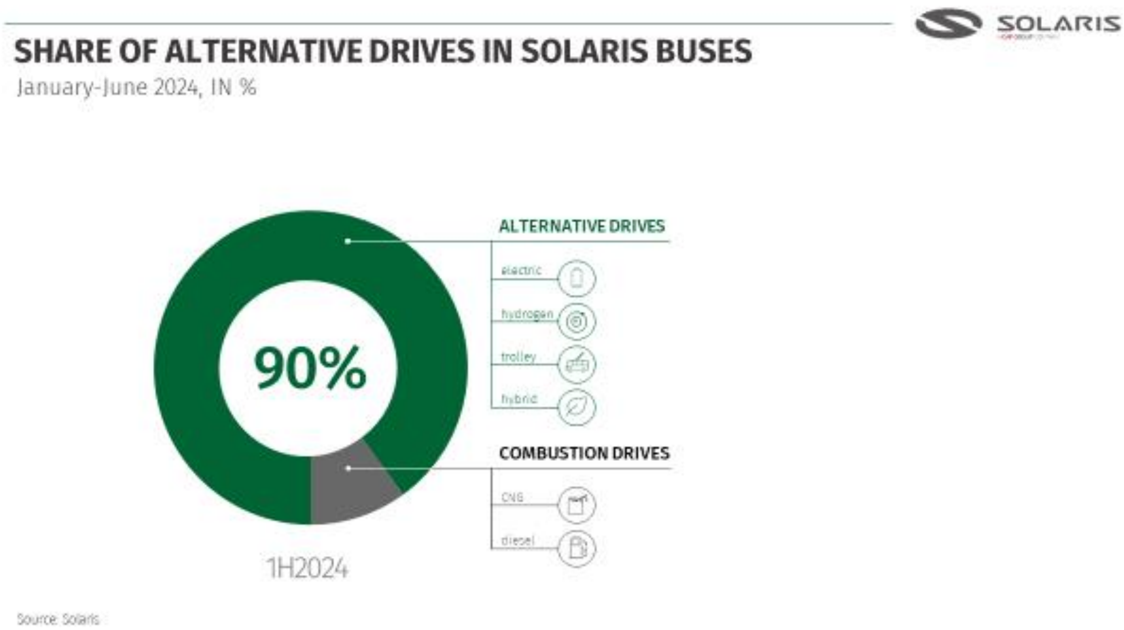
Additionally, in the engineering area it is immersed in more than 60 vehicle manufacturing and rehabilitation projects. Among the latest projects contracted, the following engineering projects stand out:

- Projects based on consolidated platforms: the Alcalá de Guadaira, Palermo and Roma tramway systems, regional trains for VRR (Germany), units for SJ (Sweden) and Coradia Polyvalent units for Aquitaine (France) and Senegal.
- EMUs for Qbuzz (Netherlands)
- Trams for Omaha (United States)
- Metric-gauge units for the Metro Madrid
- Unit for the Oslo metro system
- Double deck train units for NS (the Netherlands)
- LRVs for Germany (Bonn and Hannover)
- LRVs for Boston (United States)
- Units for RENFE (medium distance and commuter trains)
- EMUs for Euskotren (S/980)
- Tri-mode units for London North Eastern Railway (LNER)
- EMUs for the Philippines

4 BUS SEGMENT-SOLARIS

In the first six months of 2024, Solaris delivered a total of 725 buses, reaching sales figure of EUR 433 million. Alternative combustion buses reach a new record by representing 90% of deliveries in the period, which represents a 10% increase in proportion compared to the same period in 2023. 40% of the buses delivered have been electric, that is, with batteries or hydrogen.

The high demand for zero-emission vehicles in the market has become a new commercial success for Solaris in the first half of 2024 and a historic volume of offers submitted, pending award.



In the first 6 months of 2024, the company continued its recovery plan related to high inflation and disruptions in supply chains. The sales level achieved in this period and the number of contracted orders allow to state that the actions taken bring clear, positive effects and further improvement of the company's financial condition. In addition, the manufacturer has adapted its production resources to optimize costs and generate sustainable profits.

In the first half of 2024, Solaris delivered its products to customers from 12 countries. The main recipients of Solaris vehicles included, among other carriers, operators from Poland, Spain, Italy, Romania, Germany, Sweden and Estonia.

As for the future, the company has a solid backlog. As of June 2024, Solaris had a backlog of EUR 1,463 million (1,877 vehicles), of which 84% are alternative combustion.

Among the main contracts for electric buses in 2024, the following stand out:

- Nobina, a major transport operator in Sweden, has ordered a total of 92 Solaris electric buses for its fleet operating in three regions: Skåne, Värmland Malmö and Karlstad. The order includes the articulated Urbino 18 electric as well as the Urbino 15 LE electric, a model designed for Scandinavian markets that is also approved for interurban services. The deliveries are scheduled for 2024 and 2025.

- Romanian city Galați opted to make investments in green public transportation. Based on won tender Solaris will deliver 22 electric buses to Romania. 20 Urbino 12 electric and 2 units of Solaris Urbino 9 LE electric will be delivered to the customer at the beginning of 2025. This is yet another order for this city. In 2021, the manufacturer delivered 20 low-emission hybrid buses to Galați, and in previous years, 12-meter trolleybuses. Solaris is one of the main suppliers of public transport vehicles to Romania. To date, the company has produced and delivered more than 600 vehicles to this market, 60% of which are zero-emission electric buses and trolleybuses.

- Another important contract for electric buses obtained by the company in the first half of 2024 is the one in the capital of Poland, Warsaw. In March 2024, Solaris Bus & Coach and MZA Warszawa have signed a contract for the delivery of 12 electric buses Urbino 12 electric. This is another agreement for the supply of battery-powered vehicles signed with the manufacturer. Warsaw has one of the largest fleets of electric buses in Europe. The 152 Solaris buses, operating on the streets of the capital of Poland, constitute a vast majority of the electric buses in the city. According to the provisions of the contract, the order will be completed within a year of its conclusion. It is worth mentioning that in December 2023, the Warsaw Public Transport Authority ordered 12 articulated models from the manufacturer, which will be used by MZA.

On the other hand, in the first six months of 2024, Solaris has achieved new success in the Italian market with the award by the operator ATAC S.p.A. of two new contracts to supply a total of 354 buses to the city of Rome. The first of the two agreements includes the supply of 110 state-of-the-art articulated Mild-hybrid vehicles, units of which are scheduled to be delivered this year. As for the second contract, in this case it is to deliver 244 CNG buses. In addition to the delivery of the aforementioned buses, Solaris will also carry out maintenance service for the next 10 years. The total amount of contracts amounts to EUR 180 million. This is one of the most important contracts in the history of the company, with the option to increase the number of vehicles by another 78 units.

In addition, Solaris won orders for a total of 79 hydrogen buses in the first half of 2024. By the end of the first half of 2024, Solaris had delivered in total over 220 hydrogen fuel cell vehicles, and its order backlog for the second half of 2024 and subsequent years already includes 544 more vehicles. Solaris is the undisputed leader of the European hydrogen bus market and has the most experience in manufacturing and supplying this type of vehicle. The company's market share in 2023 reached an impressive 45% in the hydrogen segment. In the reporting period, the largest contracts for hydrogen buses won included:

- Contract in France for the delivery of 22 Solaris hydrogen buses. This order will be a part of the hydrogen pilot project by Île-de-France Mobilités. With the support of the CATP (Centrale d'Achat du Transport Public), Île-de-France Mobilités has launched a tender for the purchase of 22 hydrogen buses. The aim was to evaluate the potential of hydrogen technology for the region's public transport system. This pilot project is part of the initiatives and investments undertaken since 2018 to renew the entire bus fleet in Île-de-France as part of the most ambitious and fastest renewal program in Europe.

- Public transport operator in Cologne, Regionalverkehr Köln GmbH (RVK) in Germany, has once again chosen Solaris as the supplier of hydrogen-powered buses. 9 of the buses are Urbino 12 hydrogen buses with a length of 12 meters, while 11 are articulated Urbino 18 hydrogen buses. After the order is fulfilled, the hydrogen fleet in Cologne will number 84 Solaris buses. There are already 46 Solaris hydrogen buses in Cologne, with another 18 vehicles in production and delivery. The delivery of the newly ordered buses is scheduled for the first half of 2025. The continued investment in hydrogen-based public transportation confirms Cologne's commitment to the development of hydrogen technology, which is becoming the foundation for the city's public transportation system.

- In the first half of 2024 Solaris has secured a contract with another German operator for the supply of hydrogen buses. Urban transport operator in Kerpen has ordered in total of 24 Solaris Urbino 12 hydrogen buses. This contract marks the first collaboration between Solaris and REVG Kerpen.

- Another contract for hydrogen buses secured in first half of 2024, also comes from German market. In-der-City-Bus GmbH (ICB), the public transport operator in Frankfurt am Main, has placed an order for 9 Solaris Urbino 18 hydrogen buses. There are already 23 hydrogen-powered Solaris buses running in the metropolis, supplied between 2022 and 2024. Deliveries of the articulated buses from the latest order are scheduled for July 2025.

Finally, Solaris has also closed important orders for low-emission hybrid models in the first half of 2024. The following should be highlighted in particular:

- MPK Łódź in Poland, signed a contract for 63 buses with mild hybrid drive. The contract includes servicing and maintenance of the vehicles for 10 years. Deliveries of the 12- and 18-meter low-emission buses are scheduled for the last quarter of 2024. As part of the tender announced by MPK Łódź, Solaris will deliver 15 Urbino 12 buses and 48 Urbino 18 buses.

- The other relevant order for hybrid buses in the first half of 2024 is a contract with Cracow's public transport operator MPK for the purchase of 37 buses. The low-emission vehicles will be included in Kraków's fleet of already nearly 600 Solaris buses. Deliveries are scheduled for the first half of 2025.

Continuing in the commercial field, in the first half of 2024, Solaris took part in two industry exhibitions that were important in the European market.

Firstly, in March 2024 Solaris took part in a conference and trade fair called Mobility Move 2024 in Berlin. This is one of the largest electric bus trade fairs and conferences in Europe. Mobility Move 2024 has been chosen for the official unveiling of the new Solaris Urbino 12 electric bus. The latest version of this model boasts superb performance parameters. The bus is remarkably efficient and practical, and perfectly responds to the changing needs of modern towns and cities.

The new Solaris Urbino 12 electric displayed in Berlin has been equipped with new-generation batteries boasting a high energy density. The manufacturer offers carriers different configurations of battery capacity, all of which are roof-mounted. This state-of-the-art battery technology ensures all-day operability and efficiency. The bus showcased at the trade fair features six batteries mounted on the roof, with a total capacity of over 600 kWh. This configuration guarantees ranges of over 600 km [1]. The Urbino 12 electric bus fulfils all safety standards, including new GSR2 and cybersecurity requirements that will enter into force in July 2024 for newly-registered vehicles.

The second exhibition which had place in May was Next Mobility event in Milan, Italy. The international trade fair Next Mobility in Milan focused on public and collective transport, especially on low- and zero-emission solutions. It was a meeting place for transport operators, vehicle manufacturers and technology suppliers, as well as developers of innovative and sustainable mobility policies. Solaris presented at the trade fair hydrogen bus – Urbino 12 hydrogen.

[1] Based on the energy consumption in SORT 2-tests

Since its beginnings, Solaris has already produced 25,000 vehicles for its customers. Hydrogen, electric, hybrid, CNG and diesel-powered buses and trolleybuses run in the fleets of carriers from more than 850 cities in 32 countries.

Last but not least, in the first half of 2024, Solaris Bus & Coach has published its “Sustainability Report” for 2023. This cross-sectional account of our recent activities outlines Solaris’ ongoing commitment to the advancement of corporate social responsibility, sustainability and corporate ethics. The Report depicts the processes preparing the company to attain the ambitious goal of carbon neutrality by 2045. Solaris’ sustainability endeavours have been recognized with the Silver ESG Leaf award by the “Polityka” weekly, awarding the manufacturer for the fourth time. This time the integration of sustainability issues into the Company’s strategy served as the key evaluation criterion.

5 INVESTMENTS

CAF's investments in property, plant and equipment during the first half of fiscal year 2024 have amounted to EUR 15 million. The most salient investments were as follows:

In the MiiRA wheel set activity, the most significant investment was the completion of a new wheel heat treatment facility, equipped with the most modern technology for the wheel manufacturing process, and which incorporates automatic handling throughout the entire line. This investment, started in 2022, will be fully operational in the second half of the year. It will offer improvements both from a technical point of view, thanks to the homogeneity in the heating process and temperature control of the treatment, and in terms of greater cost efficiency of the process itself.

Furthermore, with regard to train manufacturing and the extension of production capacity, we must mention the extension and modernisation of welding areas and the sanding down of boxes through the robotisation and automation of such processes, which will improve execution times and efficiency. In the same manner, it must be highlighted that the testing area at various plants is being extended, to meet the company's high backlog, at the same time adapting it to the specific technical needs of the new projects to be implemented in the coming years.

In the services business, we must mention that activities have begun related with the engineering and design of the construction of the new deposits and workshops in Germany, related to the activity to be carried out in the coming years within the framework of the supply and maintenance project over 33 years involving BEMU units for VRR and NWL.

In relation to the Group's plants internationally, we can highlight the investments that are being made in these first months of 2024 in the Newport plant (United Kingdom), where the industrialization and expansion of new production lines is being carried out for its adaptation to the manufacturing of Urbos tram platform projects, providing the plant with the appropriate facilities and machinery for this type of projects. Likewise, with respect to France, the upgrading of the facilities is continuing, together with works related to the transfer and standardisation of industrial processes at the French factory of Reichshoffen, to optimally adapt it to different projects currently being implemented by the CAF Group. Regarding the plant located in Bagnères-de-Bigorre, the first investments have begun to adapt the plant to the upcoming new projects. These investments mainly cover a change in the industrial layout of the plant and an expansion of capacity in the testing area. Lastly, we must mention the implementation at the Elmira plant (United States) of an automated facility for the welding of boxes, roofs and end carriages, as well as the extension of the painting area with a new cabin that will combine the painting and grit blasting activities.

As regards the bus business, noteworthy among the investments being made by Solaris in Poland, we can highlight the construction commenced in 2022 of a new industrial building for the production of gas vehicles, to meet the increased hydrogen and CNG bus manufacturing needs, taking into account the specific demands of this type of vehicle in terms of security conditions, together with the renewal of the robotised installation of the welding area with regard to its modernisation to affront the highest current technical manufacturing requirements in an optimal manner.

Regarding the investments made in intangible assets in this first half of 2024, their volume has amounted to EUR 25 million. Of this amount, the most relevant has been that corresponding to the implementation process of the new ERP that the Group is currently carrying out, and which is in the final phases. In the same way, the measures established in the corporate cybersecurity policy continue to be deployed, together with the recommendations established by the different auditors. Finally, note the initiative to develop a project management system in product lines and technical management, with the aim of improving efficiency in engineering projects by standardizing tasks and optimizing processes.

6 MAIN RISKS AND UNCERTAINTIES

The CAF Group is exposed to various risks inherent to the activities it carries on and to the various countries and markets in which it operates, which may prevent it from meeting its objectives.

With the commitment to addressing this matter, the CAF Group's Board of Directors establishes the mechanisms and basic principles to appropriately control and manage risks through the General Risk Management and Control Policy. This policy, which is aligned with the Group's mission, vision and values, expresses its commitment to providing greater certainty and security in:

- Achieving the strategic objectives set by the CAF Group with a controlled volatility;
- Providing the utmost level of guarantees to shareholders;
- Protecting the CAF Group's results and reputation;
- Defending the interests of its stakeholders; and
- Ensuring business stability and financial strength in a sustained way over time.

To do so, the General Risk Management and Control Policy is implemented throughout the entire CAF Group by means of an Integrated Risk Management and Control System. This system constitutes a series of rules, processes, procedures, controls and IT systems, whereby all the risks are appropriately managed by means of the following system phases and activities, which include:

1. Establishment of the risk-management context for each activity, by setting, inter alia, the level of risk the Group considers to be acceptable.
2. Identification of the various risk types, in line with the main risks detailed in the Policy, faced by the Group.
3. Analysis of the risks identified and what they entail for the CAF Group as a whole.
   - Corporate Risks – Risks affecting the Group as a whole.
   - Business Risks – Risks specifically affecting each of the businesses/projects, which vary in accordance with the particularities in each case.
4. Risk assessment based on the level of risk that the Group considers acceptable (risk appetite).
5. The measures envisaged to address the identified risks.
6. Regular monitoring and control of current and potential risks through the use of information and internal control systems.

The Integrated Risk Management System adopted by the CAF Group detailed above is aligned with international standards as regards the use of an effective methodology for the comprehensive analysis and management of risks and the Three Lines of Defence Model in relation to the allocation of responsibilities in the risk management and control area.

In this regard, the Board of Directors is ultimately responsible for the General Risk Management and Control Policy, and approves the appropriate procedures to identify, measure, manage and control risks. It is also responsible for establishing clear lines of authority and responsibility and requires the existence of appropriate methodologies to measure the various types of risks and the effective internal controls to manage them. It is the body responsible for establishing and monitoring the Integrated Risk Management and Control System implemented at the Group and verifies whether the significant risks for the Group are consistent and fall within the defined risk tolerance level.

The Audit Committee is responsible for the independent oversight or assessment of the effectiveness of the Integrated Risk Management and Control System implemented and of the procedures designed to monitor it. In doing so, it will be supported by the Risk Management Department and additionally by the Internal Audit function.

The most significant risks the Group faces can be categorised as follows:

- Strategic risks: these are risks arising from the uncertainty that macroeconomic and geopolitical conditions represent, in addition to characteristics inherent to the industry and markets in which the Group operates and the strategic planning and technological decisions adopted.
- Financial Risks: arising from market fluctuations (financial and commodities markets), contractual relations with third parties (customers, debtors) and counterparties related to investments in financial assets and financial liabilities (banks, investors). The subcategories of risks that are included are as follows:
  - Market risk, which includes the following risks:
    - Interest rate risk: risk of fluctuations in interest rates that might give rise to changes in the Group's profit or loss and the value of its assets and liabilities.
    - Foreign currency risk: risk arising from fluctuations in exchange rates of one currency with respect to another with a possible effect on future transactions and the valuation of assets and liabilities denominated in foreign currency.
    - Commodity price risk: risk arising from changes in prices and market variables relating to commodities required in the businesses' supply chain.

- Credit risk: this risk relates to doubtful debts, insolvency proceedings or bankruptcy or possible default on payment of quantifiable monetary obligations by counterparties to which the Group has actually granted net credit that is yet to be settled or collected.
- Liquidity and financing risk: in relation to liabilities, it is the risk tied to the impossibility of performing transactions or breach of obligations arising from operating or financing activities due to a lack of funds or access to financial markets, either because of a drop in the Parent’s credit rating or other reasons. In relation to assets, it is the risk of being unable to find at any given time parties to purchase an asset at the arm's length price or to obtain an arm's length price.

- Legal Risks: arising from the preparation and performance of various types of agreements and obligations (commercial, administrative, intellectual and industrial property, etc.) and the possible contingencies arising therefrom. Risks relating to legal proceedings, administrative procedures and claims are also included.
- Operating Risks: inherent to all the Group’s activities, products, systems and processes that have an economic and reputational impact arising from human/technological errors, insufficiently robust internal processes, or the involvement of external agents.
- Corporate Governance Risks: arising from potential non-compliance with the Group’s corporate governance system, which governs the design, integration and operation of the governance bodies and their relations with the Group's stakeholders and is rooted in the Group's commitment to ethical principles, best practices and transparency as the Group seeks to defend its interests and create sustainable value.
- Compliance and Regulatory Risks: arising from the breach of applicable national and international regulations and laws irrespective of the activity in question, included in the following large blocks: (i) Commercial and Competition (market abuse, corporate obligations and securities market regulations, antitrust and unfair competition), (ii) Criminal (prevention of crimes, including those arising from corruption), (iii) Labour, (iv) Tax and (v) Administrative (including personal data protection regulations, environmental laws, etc.).

Due to its global risk scope, the Integrated Risk Management and Control System is continuously updated to include new risks that might affect the Group as a result of changes in the environment or revised objectives and strategies, as well as updates that arise from lessons learned from monitoring and controlling the system.

The Israel-Palestine conflict adds a further element of uncertainty to the markets in which the Group operates, affecting various aspects such as the execution of long-term contracts and their monitoring, possible embargoes or sanctions on companies operating in those markets, or possible additional disruptions along the supply chain. The current conflict is affecting the execution rates of several Israeli projects. Even so, the Group maintains continuous communications with its clients, working collaboratively to address the problems arising from this situation.

The supply chain continues to be part of the business focus. Therefore, actions such as the signing of framework contracts with key equipment and supply providers continue to be deployed, ensuring price indexation for the medium term. In parallel, actions continue to be developed to alleviate the increase in prices and shortages of components.

However, and as it has been observed, the increase caused by inflation and in interest rates has improved its tendency.

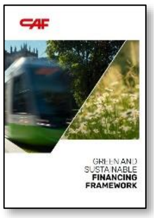
The contingencies managed in the realm of Compliance are part of the overall risks supervised within the System. A description of the significant topics can be found in the interim condensed consolidated financial statements.

7 ENVIRONMENTAL, SOCIAL AND GOVERNANCE ASPECTS

In the first half of 2024, CAF has made significant progress in its sustainability commitments, aligning with the provisions of the 2026 Strategic Plan.

The most significant milestones that occurred during the first half of 2024 are detailed below:

- **CAF has launched its first Green and Sustainable Financing Framework**, reaffirming its commitment to responsible financial practices and sustainable development. This framework defines guidelines to issue financial instruments aligned with environmental and social criteria, strengthening its contribution to a more sustainable future.



- **CAF has updated its Supplier Code of Conduct**, which for years has established clear standards for business conduct, promoting integrity, respect for human rights and fair and safe labour practices, through a new version that reflects its continued commitment to ethical and responsible practices in its supply chain.

- **CAF has conducted its Double Materiality Analysis,** following the EFRAG's guidelines, in accordance with the European Sustainability Reporting Standards (ESRS), to identify and assess the significant impacts, risks and opportunities. With the results, the design of the **Sustainability Master Plan** has commenced, which will define the main strategic lines in the area within the strategic cycle in which we find ourselves. This Plan will be published during the second semester of 2024.

- **CAF has been rated AA in the MSCI ESG rating**. This evaluation highlights its excellent performance in environmental, social and corporate governance criteria, consolidating it as a leading company in sustainability, which places us above comparable companies.

- **CAF has once again been recognized by Sustainalytics with a "low risk" rating**. This rating, granted after an exhaustive evaluation of various environmental, social and governance (ESG) factors, implies that CAF has low exposure to ESG risks that could negatively affect its financial or reputational performance. This rating places us above our comparables.

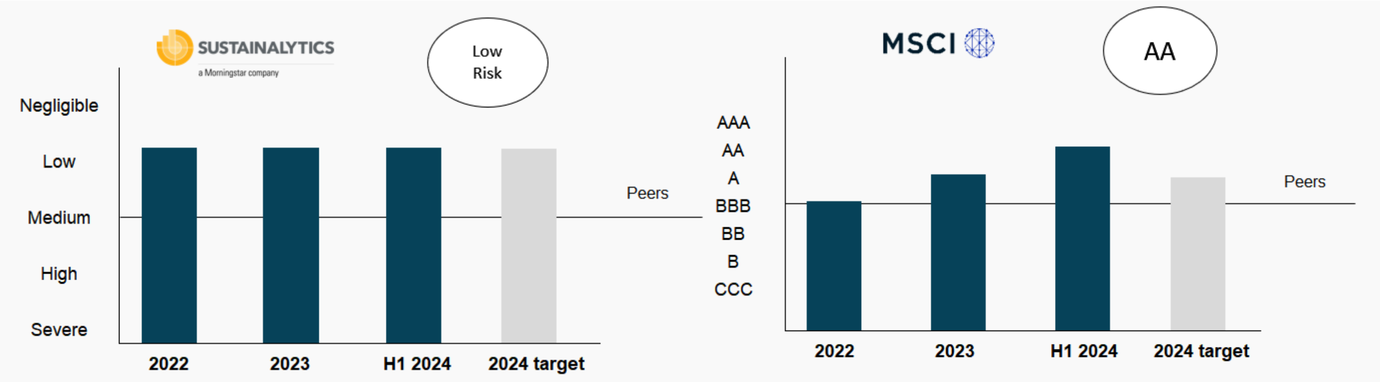
- **CAF has been acknowledged as being among the 30 most sustainable Spanish companies, according to the prestigious S&P** index, which assesses the environmental, social and corporate governance performance of companies at global level. This achievement underscores CAF's continued commitment to responsible and sustainable business practices, positioning it as a leader in its sector.

Regarding the monitoring of the commitment to material matters during the first half, below is the Responsible Management[2] Scorecard, showing the performance of the most significant ESG indicators:

KPIs	Actual FY23	Target FY24	Actual 1S24[3]	Measurement[4]
Reduction of CO2 emissions (%) Scope 1&2 (base year 2019, SBTi)	32.6%	21.0%*	Annual indicator	
Reduction of CO2 emissions (%) Scope 3 (product use) (base year 2019, SBTi)	46.8%	30.5%*	Annual indicator	
EU taxonomy alignment (business volume) (%)	80%	82%	80%	
CDP Sustainability Assessment	B	A-	Annual indicator	
Frequency rate	14.1	14.0	14.5	
Customer satisfaction rating (1/10)	7.9	7.9	Annual indicator	
Organizational health index (1/10)	6.6	6.7	Annual indicator	
Sustainalytics Sustainability Assessment	Low risk	Low risk	Low risk	
MSCI Sustainability Assessment	A	A	AA	
S&P Sustainability Assessment	63	66	Annual indicator	
Ecovadis Sustainability Assessment	83	75	Annual indicator	

*Objectives sent to SBTi for validation.

In this regard, the improvement obtained in the sustainability performance assessment by the agency MSCI, from A to AA must be highlighted, together with the maintenance of the Sustainalitycs rating as "Low risk".



In terms of employment, it should be noted that during the first half of 2024 the evolution of the Group's workforce has been positive, increasing on average by 7%, which represents an average year-on-year increase of 1,018 people:

	Total headcount	Average headcount
30.06.2023	14,793	14,650
30.06.2024	15,838	15,668

In conclusion, CAF constitutes a sustainable investment, and reiterates compliance with its environmental, social and governance prospects.

[2] Subject to the inclusion of new indicators as a result of the double materiality analysis.
[3] Includes results to 30/06/2024 for those indicators for which information is available on the date of publication of this Report.
[4] Green: meets objective. Amber: does not meet target but improves or equals the FY23 results. Red: misses target and worsens FY23 results.

8 EVENTS AFTER THE REPORTING PERIOD

At 30 June 2024, the Group had a firm backlog of approximately EUR 13,843 million.

9 ALTERNATIVE PERFORMANCE MEASURES

The CAF Group's financial information contains not only figures and metrics drawn up in accordance with applicable accounting standards, but also other indicators known as Alternative Performance Measures (APMs). APMs are essentially figures adjusted from those presented in accordance with International Financial Reporting Standards, as adopted by the European Union (EU-IFRS). They should therefore be read in conjunction with the financial reporting measures and not in isolation.

APMs are important for financial information users because they are used by the CAF Group's management to assess its financial performance, cash flows or financial position when taking financial, operational or strategic decisions at the Group.

The following APMs have been used as part of the financial information of the CAF Group:

Order intake: this includes firm orders received in the first six months and potential modifications to orders from prior periods. This measure does not include the backlog acquired through business combinations in the year.

	Millions of Euros		
	30.06.24	**30.06.23**	**31.12.23**
+ Backlog at end of period	13,843	13,337	14,200
- Backlog at beginning of period	(14,200)	(13,250)	(13,250)
+ Revenue	2,080	1,877	3,825
Order intake	**1,723**	**1,964**	**4,775**

Order intake / Revenue ratio (Book-to-bill): ratio obtained by dividing “Order intake” for the year by “Revenue” as shown on the consolidated statement of profit or loss for the period. This ratio gives an indication of the volume of future "Revenue".

	Millions of Euros		
	30.06.24	**30.06.23**	**31.12.23**
Order intake for the period	1,723	1,964	4,775
Revenue	2,080	1,877	3,825
Order intake / Revenue ratio (Book-to-bill)	**0.8**	**1.0**	**1.2**

Backlog: this represents the volume of firm orders that will be recognised in the future under “Revenue” in the interim consolidated statement of profit or loss. An order is considered firm only when it generates obligations between the CAF Group and the customer, which, in the case of sales of trains, buses and services, is deemed to occur when the contract between the parties is signed. The outstanding amount includes only the contractual options already executed by the customer, less the best estimation of contractual penalties.

Backlog / Revenue ratio: obtained by dividing the Backlog for the current period by “Revenue” as stated in the consolidated statement of profit or loss for the previous year. This ratio gives an indication of future turnover.

	Millions of Euros	
	30.06.24	**31.12.23**
Backlog – current period	**13,843**	**14,200**
Revenue for the period (*)	3,825	3,825
Backlog / Revenue ratio	**3.6**	**3.7**

(*) Revenue at 30 June 2024 refers to the figure for 2023.

Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation): the EBITDA indicator is calculated by deducting from "Operating EBIT" the amounts recognised under "Depreciation and amortisation charge" and "Impairment and gains or losses on disposals of non-current assets". EBITDA is adjusted to reflect significant non-recurring items or events that are not expected to occur in the coming years, such as litigation arising outside the normal course of business, restructurings or company acquisition costs, etc.

	Millions of Euros	
	30.06.24	30.06.23
Profit/(Loss) from operations	102	85
Depreciation and amortisation charge	55	53
Impairment and gains or losses on disposals of non-current assets	(2)	-
EBITDA	**155**	**138**
Other adjustments	-	-
Adjusted EBITDA	**155**	**138**

Adjusted EBITDA – 12 months: calculated as the sum of the monthly EBITDA over the last 12 months. The figure at 30.06.24 relates to the period running from 1 July of the previous year to 30 June of the current year.

	Millions of Euros	
	30.06.24	31.12.23
- Adjusted EBITDA 30.06.23	(138)	-
+ Adjusted EBITDA at 31.12.23	285	285
+ Adjusted EBITDA at 30.06.24	155	-
Adjusted EBITDA – 12 months	**302**	**285**

EBIT margin: ratio obtained by dividing the "Operating profit" by "Revenue" in the consolidated statement of profit or loss for the period. This indicator provides useful information about the Group's operating profitability.

	Millions of Euros	
	30.06.24	30.06.23
Profit/(Loss) from operations	102	85
Revenue	2,080	1,877
EBIT margin	**4.9%**	**4.5%**

Net margin: obtained by dividing "Consolidated profit/(loss) for the year attributable to the Parent" by "Revenue" in the consolidated statement of profit or loss for the period.

	Millions of Euros	
	30.06.24	30.06.23
Consolidated profit/(loss) for the period attributable to the Parent	52	34
Revenue	2,080	1,877
Net margin	**2.5%**	**1.8%**

Investment in working capital: calculated as the difference between current assets and current liabilities. Current assets and liabilities exclude all items that are classified as Net financial debt, Fixed assets and Other assets and liabilities. This measure is used by CAF Group management when managing and making decisions related to the cash conversion cycle of the business, as effective working capital management enables an optimal level of investment in working capital so as not to jeopardise the company's solvency and ability to honour its short-term payment obligations. The following table provides a breakdown:

	Millions of Euros	
	30.06.24	31.12.23
+ Other non-current assets	5	5
+ Inventories	653	477
+ Trade and other receivables	2,477	2,419
- Other debtors - Concessions (Notes 7-b and 9)	(117)	(122)
- Current tax assets	(18)	(13)
+ Other current assets	21	16
- Other non-current liabilities	(92)	(103)
- Current provisions	(396)	(365)
- Trade and other payables	(2,535)	(2,398)
+ Current tax liabilities	22	15
- Other current liabilities	(6)	(5)
Investment in working capital	**14**	**(74)**

Fixed assets: it is calculated by subtracting from Total non-current assets the fixed asset items that are part of the calculation of the "Net financial debt" indicator, non-current hedging derivatives of assets, deferred tax assets, non-current assets for refund rights and assets for rights of use, as well as current liabilities for fixed asset suppliers. It also includes "Other receivables" related to concessions and financial assets at amortised cost as part of current assets.

	Millions of Euros	
	30.06.24	31.12.23
Total Non-current assets	1,502	1,553
- Financial assets - Non-current assets (Note 7-b)	(11)	(12)
- Non-current hedging derivatives – Non-current assets	(6)	(22)
- Deferred tax assets	(185)	(179)
- Non-current assets for the right of return	(5)	(5)
- Right-of-use assets (Note 6)	(88)	(86)
+ Other receivables - Concessions (current assets) (Notes 7-b and 9)	117	122
- Payable to non-current asset suppliers (Note 11-b)	(6)	(5)
+ Other current financial assets at amortised cost (Note 7-c)	3	16
- Dividends pending collection	-	(11)
Fixed assets	**1,321**	**1,371**

Other assets and liabilities: it is obtained from the consideration of the following non-current assets and liabilities and current assets and liabilities:

	Millions of Euros	
	30.06.24	31.12.23
+ Right-of-use assets (Note 6)	88	86
+ Non-current hedging derivatives - Non-current assets	6	22
+ Deferred tax assets	185	179
+ Current hedging derivatives - Current assets	30	19
+ Current tax assets	18	13
+ Dividends pending collection	-	11
- Total non-current liabilities	(813)	(1,020)
+ Bank borrowings and debt instruments or other marketable securities	337	509
+ Non-current interest-bearing refundable advances (Note 11-b)	6	6
+ Other non-current liabilities	92	103
- Current financial liabilities - Other financial liabilities	(104)	(78)
+ Payable to non-current asset suppliers (Note 11-b)	6	5
+ Current interest-bearing advances (Note 11-b)	1	2
- Current hedging derivatives - Current liabilities	(13)	(15)
- Current tax liabilities	(22)	(15)
Total Other assets and liabilities	**(183)**	**(173)**

CAPEX: calculated as the sum of additions in the period to "Other intangible assets" and "Property, plant and equipment", excluding rights of use, which are detailed in Notes 5 and 6 to the consolidated financial statements.

	Millions of Euros	
	30.06.24	30.06.23
Additions to Other intangible assets	25	15
Additions to Property, plant and equipment	15	14
CAPEX	**40**	**29**

Cash flow: calculated as the change in Net Financial Debt between the previous and the current period, excluding the effect of dividend payments to shareholders.

	Millions of Euros	
	30.06.24	30.06.23
+ Net Financial Debt at the beginning of the period	256	278
- Net Financial Debt at the end of the period	(284)	(309)
+ Dividends paid to shareholders in the period	-	-
Cash flow	**(28)**	**(31)**

Net Financial Debt: obtained by taking into account the non-current assets and liabilities and current assets and liabilities detailed below:

	Millions of Euros	
	30.06.24	31.12.23
+ Refundable advances with interest (Note 11-b)	7	8
+ Bank borrowings - Non-current liabilities (Note 11-a)	337	509
+ Bank borrowings and debt instruments – Current liabilities (Note 11-a)	445	303
- Financial assets - Non-current assets (Note 7-b)	(11)	(12)
- Current financial assets (Note 7-c)	(24)	(109)
- Cash and cash equivalents	(470)	(443)
Net Financial Debt	**284**	**256**

Net financial debt/Adjusted EBITDA – 12 months: ratio obtained by dividing "Net financial debt" by Adjusted EBITDA for the last 12 months. This ratio gives an indication of the Group's ability to meet its Net Financial Debt with the cash flows generated by its ordinary activities.

	Millions of Euros	
	30.06.24	31.12.23
Net Financial Debt	284	256
Adjusted EBITDA – 12 months	302	285
Net financial debt / Adjusted EBITDA – 12 months	**0.9**	**0.9**

Gross Financial Debt: the sum of the liability items that make up the calculation of “Net financial debt”.

	Millions of Euros	
	30.06.24	31.12.23
Net Financial Debt	284	256
+ Financial investments - Non-current assets (Note 7-b)	11	12
+ Temporary financial investments (Note 7-c)	24	109
+ Cash and cash equivalents	470	443
Gross Financial Debt	**789**	**820**

Available liquidity: represents the amount of available Cash and cash equivalents plus the amount of undrawn credit facilities. It shows the Group's ability to honour its obligations from the normal course of its business. The following table provides a breakdown:

	Millions of Euros	
	30.06.24	31.12.23
Current financial assets - Temporary Financial Investments (Note 7-c)	24	109
Cash and cash equivalents	470	443
Credit facilities and other undrawn financial balances	432	404
Available liquidity	**926**	**956**

Stock market capitalisation: means the total value of the Parent's shares issued on the stock exchange at the end of the period, calculated as the result of the number of shares issued by their quoted price on that date.

	30.06.24	31.12.23
Number of shares issued (in millions of shares)	34.28	34.28
Quoted price at close	35.10	32.60
Stock market capitalisation (millions of euros)	**1,203**	**1,118**

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR
THE SIX-MONTH PERIOD ENDED ON
30 JUNE 2024

Construcciones y Auxiliar de Ferrocarriles, S.A. and Subsidiaries composing the CAF Group
Condensed Consolidated Balance Sheets at 30 June 2024 and 31 December 2023 (Thousands of Euros)

Assets	Note	30.06.24	31.12.23 (*)
Non-current assets:			
Intangible assets	**5**	**473,754**	**470,665**
Property, plant and equipment	**6**	**482,226**	**489,887**
Investments accounted for using the equity method	**7**	**48,649**	**45,308**
Non-current financial assets	**7**	**302,034**	**341,795**
Non-current hedging derivatives	**17**	**6,445**	**21,995**
Deferred tax assets	**20**	**184,500**	**178,677**
Other non-current assets	**15**	**4,514**	**4,763**
Total Non-current assets		**1,502,122**	**1,553,090**
Current assets:			
Inventories	**8**	**653,278**	**477,138**
Trade and other receivables			
Trade receivables for sales and services	9	2,235,112	2,209,245
Other receivables	9	223,798	196,301
Current tax assets		17,881	13,178
Total Trade and other receivables		**2,476,791**	**2,418,724**
Current financial assets	**7**	**26,518**	**125,448**
Current hedging derivatives	**17**	**30,011**	**19,064**
Other current assets	**15**	**20,866**	**16,099**
Cash and cash equivalents	**10**	**470,413**	**442,791**
Total Current assets		**3,677,877**	**3,499,264**
Total Assets		**5,179,999**	**5,052,354**

Equity and liabilities	Note	30.06.24	31.12.23 (*)
Equity:	**10**		
Shareholders' equity			
Registered share capital		10,319	10,319
Share Premium		11,863	11,863
Other accumulated reserves and profit for the year attributable to the Parent		991,210	976,850
Treasury shares and equity investments		(1,377)	(1,268)
Total Equity		**1,012,015**	**997,764**
Valuation adjustments			
Hedges	10 and 17	21,344	18,800
Translation differences		(176,111)	(161,327)
Total Valuation Adjustments		**(154,767)**	**(142,527)**
Equity attributable to the Parent		**857,248**	**855,237**
Non-controlling interests		**11,182**	**12,946**
Total Equity		**868,430**	**868,183**
Non-current liabilities:			
Non-current provisions	**2-d and 12**	**132,693**	**133,683**
Non-current financial liabilities	**11**		
Bank borrowings and debt instruments or other marketable securities		337,299	509,154
Other financial liabilities		83,561	87,426
Total Non-current financial liabilities		**420,860**	**596,580**
Deferred tax liabilities	**20**	**161,764**	**164,821**
Non-current hedging derivatives	**17**	**5,817**	**21,893**
Other non-current liabilities	**15**	**91,991**	**103,299**
Total Non-current liabilities		**813,125**	**1,020,276**
Current liabilities:			
Current provisions	**12**	**395,799**	**364,722**
Current financial liabilities	**11**		
Bank borrowings and debt instruments or other marketable securities		444,348	303,029
Other financial liabilities		104,346	78,037
Total Current financial liabilities		**548,694**	**381,066**
Trade and other payables			
Suppliers and other payables	13	2,512,955	2,382,729
Current tax liabilities		21,906	14,952
Total Trade and other payables		**2,534,861**	**2,397,681**
Current hedging derivatives	**17**	**12,827**	**15,666**
Other current liabilities	**15**	**6,263**	**4,760**
Total Current liabilities		**3,498,444**	**3,163,895**
Total Equity and liabilities		**5,179,999**	**5,052,354**

(*) Presented for comparison purposes only (Note 2-e).
The accompanying Notes 1 to 21 are an integral part of the condensed consolidated balance sheet at 30 June 2024.

Construcciones y Auxiliar de Ferrocarriles, S.A. and Subsidiaries composing the CAF Group

Condensed consolidated profit and loss statements for the six-month periods ended 30 June 2024 and 2023

(Thousands of Euros)

	Note	(Debit) Credit 30.06.24	30.06.23 (*)
Continuing operations:			
Revenue	18	2,080,419	1,876,688
+/- Change in inventories of finished goods and work in progress		57,811	(34,364)
In-house work on non-current assets		5,056	2,041
Procurements		(1,169,748)	(1,017,765)
Other operating income		16,946	13,583
Staff costs		(538,888)	(468,225)
Other operating expenses		(296,737)	(234,196)
Depreciation and amortisation charge	5 and 6	(54,896)	(52,803)
Impairment and gains or losses on disposals of non-current assets	5 and 6	1,628	(358)
Profit/(Loss) from operations		**101,591**	**84,601**
Finance income		12,531	6,217
Finance costs		(32,254)	(34,936)
Changes in fair value of financial instruments		(867)	1,487
Exchange differences		(4,627)	(1,940)
Impairment and gains or losses on disposals of financial instruments		(3)	5
Financial profit/(loss)		**(25,220)**	**(29,167)**
Result of companies accounted for using the equity method	7	2,856	5,199
Profit/(Loss) before tax		**79,227**	**60,633**
Income tax	20	(25,417)	(24,626)
Profit/(Loss) for the year from continuing operations		**53,810**	**36,007**
Profit/Loss for the period from discontinued operations		-	-
Consolidated Profit/(Loss) for the period		**53,810**	**36,007**
Attributable to:			
The Parent		52,202	34,409
Non-controlling interests		1,608	1,598
Earnings per share (in euros)			
Basic		1.52	1.01
Diluted		1.52	1.01

(*) Presented for comparison purposes only (Note 2-e).
The accompanying Notes 1 to 21 are an integral part of the condensed consolidated statement of profit or loss for the six-month period ended 30 June 2024.

Construcciones y Auxiliar de Ferrocarriles, S.A. and Subsidiaries composing the CAF Group

Condensed Consolidated Statements of Comprehensive income for

the six-month periods ended 30 June 2024 and 2023

(Thousands of Euros)

	Note	30.06.24	30.06.23 (*)
A) Consolidated profit/(loss) for the year		**53,810**	**36,007**
B) Other comprehensive income – Items not reclassified to profit or loss:		**27**	**(259)**
Arising from actuarial gains and losses	11	27	(31)
Equity instruments at fair value through other comprehensive income	7	-	(228)
C) Items that may be reclassified subsequently to profit or loss:		**(12,153)**	**26,216**
Cash flow hedges:		**1,997**	**(378)**
Revaluation gains/losses		680	(109)
Amounts transferred to profit or loss	10	1,317	(269)
Translation differences:		**(14,561)**	**23,707**
Revaluation gains/losses	10	(14,561)	23,707
Share of other comprehensive income recognised for investments in joint ventures and associates:		**412**	**2,963**
Revaluation gains/losses			
Cash flow hedges	10	907	4,216
Translation differences	10	(179)	(475)
		728	3,741
Amounts transferred to profit or loss			
Cash flow hedges	10	(316)	(778)
		(316)	(778)
Tax effect		**(1)**	**(76)**
Total comprehensive income (A+B+C)		**41,684**	**61,964**
Attributable to:			
The Parent		39,992	60,031
Non-controlling interests		1,692	1,933

(*) Presented for comparison purposes only (Note 2-e).
The accompanying Notes 1 to 21 are an integral part of the condensed consolidated statement of recognised income and expense for the six-month period ended 30 June 2024.

Construcciones y Auxiliar de Ferrocarriles, S.A. and Subsidiaries composing the CAF Group

Condensed consolidated statements of changes in equity for the six-month periods ended 30 June 2024 and 2023 (Thousands of Euros)

	Equity attributable to the Parent							
	Shareholders' equity							
	Share capital	Share Premium	Other accumulated reserves and profit for the year attributable to the Parent	Treasury shares and equity investments	Hedges	Translation differences	Non-controlling interests	Total equity
Balances at 31 December 2022 (*)	**10,319**	**11,863**	**930,787**	**(1,292)**	**12,544**	**(188,302)**	**12,406**	**788,325**
Total comprehensive income	**-**	**-**	**34,150**	**-**	**2,984**	**22,897**	**1,933**	**61,964**
Transactions with shareholders or owners	**-**	**-**	**(29,463)**	**90**	**-**	**-**	**(3,122)**	**(32,495)**
Dividends payable (Note 4)	-	-	(29,481)	-	-	-	(3,122)	(32,603)
Transactions in treasury shares (net)	-	-	18	90	-	-	-	108
Balances at 30 June 2023 (*)	**10,319**	**11,863**	**935,474**	**(1,202)**	**15,528**	**(165,405)**	**11,217**	**817,794**
Balances at 31 December 2023 (*)	**10,319**	**11,863**	**976,850**	**(1,268)**	**18,800**	**(161,327)**	**12,946**	**868,183**
Total comprehensive income	**-**	**-**	**52,232**	**-**	**2,544**	**(14,784)**	**1,692**	**41,684**
Transactions with shareholders or owners	**-**	**-**	**(37,872)**	**(109)**	**-**	**-**	**(3,456)**	**(41,437)**
Dividends payable (Note 4)	-	-	(38,052)	-	-	-	(3,456)	(41,508)
Transactions in treasury shares (net)	-	-	180	(109)	-	-	-	71
Balances at 30 June 2024	**10,319**	**11,863**	**991,210**	**(1,377)**	**21,344**	**(176,111)**	**11,182**	**868,430**

(*) Presented for comparison purposes only (Note 2-e).

The accompanying Notes 1 to 21 are an integral part of the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2024.

Construcciones y Auxiliar de Ferrocarriles, S.A. and Subsidiaries composing the CAF Group

Condensed consolidated statements of cash flows for the six-month periods ended 30 June 2024 and 2023

(Thousands of Euros)

	Note	30.06.24	30.06.23 (*)
Cash flows from operating activities:			
Profit/(Loss) before tax		79,227	60,633
Adjustments for			
Depreciation and amortisation expense	5 and 6	54,896	52,803
Other adjustments to profit or loss (net)		4,801	23,499
Changes in working capital		(85,391)	(137,042)
Other cash flows from operating activities			
Income tax recovered / (paid)		(30,430)	(23,569)
Other amounts received / (paid) relating to operating activities		(23,542)	(8,952)
Cash flows from operating activities (I)		**(439)**	**(32,628)**
Cash flows from investing activities:			
Payments due to investment			
Group companies, associates and business units		(73)	-
Property, plant and equipment, intangible assets and investment property	5 and 6	(36,523)	(27,200)
Other financial assets, net	7	(5,394)	(14,098)
Proceeds from disposal			
Property, plant and equipment, intangible assets and investment property	5 and 6	1,792	100
Other financial assets	7	124,110	87,528
Dividends received		10,816	508
Interest received		10,221	3,433
Cash flows from investing activities (II)		**104,949**	**50,271**
Cash flows from financing activities:			
Proceeds/(payments) relating to equity instruments			
(Acquisition)/Disposal		71	108
Proceeds/(Payments) relating to financial liability instruments	11		
Issue		344,004	229,938
Repayment		(383,645)	(271,689)
Other cash flows from financing activities	11		
Interest paid		(24,736)	(24,893)
Cash flows from financing activities (III)		**(64,306)**	**(66,536)**
Effect of exchange rate fluctuations (IV)		**(12,582)**	**3,827**
Increase/(decrease) in cash and cash equivalents (I+II+III+IV)		**27,622**	**(45,066)**
Cash and cash equivalents at beginning of the period		442,791	473,344
Cash and cash equivalents at end of the period		**470,413**	**428,278**

(*) Presented for comparison purposes only (Note 2-e).
The accompanying Notes 1 to 21 are an integral part of the condensed consolidated cash flow statements for the six-month period ended 30 June 2024.

Construcciones y Auxiliar de Ferrocarriles, S.A. and Subsidiaries composing the CAF Group

Notes to the condensed consolidated financial statements
for the six-month period ended
30 June 2024

1.- DESCRIPTION AND ACTIVITIES OF THE PARENT

Construcciones y Auxiliar de Ferrocarriles, S.A. (“CAF” or “the Parent”) was incorporated in 1917 for an indefinite period in San Sebastián (Gipuzkoa). Its registered office is located at calle Jose Miguel Iturrioz 26, Beasain (Gipuzkoa) (Spain).

The Parent did not change its name during the first half of the year.

The corporate purpose is described in Article 2 of its Bylaws, which are available on the website of the Parent (www.caf.net).

The Group's core business is currently the sale of rail and bus mobility solutions, and its main centre of activity is Beasain (Gipuzkoa), Spain.

The Parent, Construcciones y Auxiliar de Ferrocarriles, S.A., as part of its business activities, holds majority ownership interests in other companies (Note 3).

The CAF Group’s 2023 consolidated financial statements were approved by the shareholders at the Annual General Meeting of CAF held on 15 June 2024.

2.- BASIS OF PRESENTATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

a) Basis of presentation

The CAF Group’s consolidated financial statements for 2023 were prepared by the Parent’s directors in accordance with International Financial Reporting Standards as adopted by the European Union, and the bases of consolidation, accounting policies and measurement bases described in Note 3 to these consolidated financial statements were applied in order to present fairly the Group’s consolidated equity and consolidated financial position at 31 December 2023 and its consolidated results, changes in consolidated equity and its consolidated cash flows for the year then ended.

These interim condensed consolidated financial statements are presented in accordance with IAS 34 Interim Financial Reporting, and were authorised for issue by the Parent’s directors on 31 July 2024, pursuant to Article 12 of Royal Decree 1362/2007. This interim condensed consolidated financial information was prepared on the basis of the accounting records of Construcciones y Auxiliar de Ferrocarriles, S.A. and the other companies composing the Group, and includes all the adjustments and reclassifications required to unify the accounting and presentation policies applied by all the Group companies (in all cases, local legislation) with those applied by Construcciones y Auxiliar de Ferrocarriles, S.A. for the purposes of the consolidated financial statements.

In accordance with the provisions of IAS 34, the interim financial information is prepared solely with the intention of updating the content of the latest consolidated financial statements prepared by the Group, emphasising new activities, events and circumstances that occurred during the semester and not duplicating the information previously published in the consolidated financial statements for the year 2023. Therefore, for a proper understanding of the information included in these interim condensed consolidated financial statements, they must be read together with the Group's consolidated financial statements for 2023.

The accounting policies and methods used in preparing these interim condensed consolidated financial statements are the same as those used in the consolidated financial statements for 2023, except for the standards and interpretations which came into force in the first half of 2024, which are detailed below.

b) Entry into force of new accounting standards

In the first semester of 2024, various modifications and/or interpretations of IAS 1 relating to the classification of current and non-current liabilities, amendments to IFRS 16 in relation to lease liabilities and changes to IAS 7 and IFRS 17 regarding the statement of cash flows and breakdowns of financial instruments, entered into force. These amendments did not have a significant impact on the preparation of the interim condensed consolidated financial statements.

c) Use of estimates

The consolidated results and the determination of consolidated equity are sensitive to the accounting principles and policies, measurement bases and estimates used by the Parent’s directors in preparing the interim condensed consolidated financial statements. The main accounting principles and policies and measurement bases used are indicated in Note 3 to the consolidated financial statements for 2023.

In the interim condensed consolidated financial statements estimates were occasionally made by the senior executives of the Parent and of the consolidated companies in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates, which were made on the basis of the best information available, relate basically to the following:

- The income tax expense which, in accordance with IAS 34, is recognised in interim periods based on the best estimate of the weighted average tax rate envisaged by the Group for the full financial year;
- The assessment of possible impairment losses on certain assets (Notes 5, 6, 7, 8 and 9);
- The assumptions used in the actuarial calculation of pension and other obligations to employees (Note 12);
- The useful life of intangible and material assets (Notes 5 and 6);
- The fair value of certain financial assets (Note 7);
- The calculation of provisions and penalties that reduce the sales price (Notes 2-d, 9 and 12);
- The assessment of the probability of having future taxable profits against which unused recognised tax assets can be utilised (Note 20);
- Changes in estimated costs in the budgets for construction projects performed and percentage of completion.

Although the aforementioned estimates were made on the basis of the best information available at the reporting date on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) at the end of 2024 or in subsequent years. Changes in accounting estimates would be applied, if required, prospectively in accordance with IAS 8, recognising the effects of the change in estimates in the corresponding consolidated statement of profit or loss.

In the six-month period ended 30 June 2024, there were no significant changes in estimates made at year-end 2023.

d) Contingent assets and liabilities

Notes 20 and 26 to the Group's consolidated financial statements for the year ended 31 December 2023 disclose information on the contingent assets and liabilities at that date, as well as in Note 12 to the accompanying interim condensed consolidated financial statements at 30 June 2024.

In March 2014, following completion of an administrative investigation process initiated in May 2013 into the participation of several rolling stock manufacturers, one of which is a subsidiary of the CAF Group in Brazil, in public tenders, the Brazilian Administrative Council for Economic Defence (CADE) initiated administrative proceedings arising from possible anti-competitive practices. In July 2019, the CADE tribunal issued an administrative decision ordering the subsidiary to pay a fine of BRL 167,057,982.53 (equivalent to EUR 28,356 thousand at 30 June 2024) and advised the competent authorities not to grant the subsidiary certain tax benefits for a five-year period. The Group posted a provision for this amount in 2019 with a charge to "Other operating expenses" in the consolidated statement of profit or loss and a credit to "Non-current provisions" in the consolidated balance sheet (Note 12). At the date of authorisation for issue of these interim condensed consolidated financial statements, the subsidiary has appealed CADE's decision in court.

The subsidiary rejects CADE's assessment of the facts when imposing the aforementioned penalty and argues that, with respect to the facts under investigation, it has always acted in strict compliance with the applicable law. The subsidiary's legal advisers consider there to be a reasonable chance that the penalty will ultimately be reduced to an amount that is substantially lower than the one mentioned, and they do not rule out the total annulment of the fine.

Also, as a result of the investigations conducted by CADE, other authorities, including the Sao Paulo State Public Prosecutor, initiated administrative and judicial proceedings, in relation to which the Group has already presented its corresponding defences. CADE's investigations also prompted the Court of Auditors to open administrative proceedings, in response to which the subsidiary presented its preliminary defence in the first half of 2016. Following a finding by the Court of Auditors that no irregular conduct had been proven as a result of the sentence imposed by CADE, in 2022 the Court of Auditors decided to continue with the proceedings and, to date, the subsidiary has submitted its statements to the Court of Auditors. Lastly, also as a result of the investigations conducted by CADE, the Brazilian Administrative Council of Economic Defence, processed an administrative procedure in relation to which the subsidiary filed initial claims during the second half of 2018.

The CAF Group continues to defend its interests in these proceedings. However, at the reporting date, it was not possible to determine the result or the impact that these proceedings might have on the Group's interim condensed consolidated financial statements should the outcome be unfavourable and, therefore, no liabilities were recognised in this connection in these accounts.

Meanwhile, in a lawsuit regarding the validity of a contractual extension to supply several additional units, CAF and its subsidiary in Brazil, together with other railway material manufacturing companies, were ordered in first instance to pay a fine of BRL 10,000,000 (plus its revalued amount) each, and they were prohibited from contracting public administrations in Brazil and from claiming benefits or tax or credit incentives for five years. Both CAF and its subsidiary company in Brazil filed a judicial appeal against said decision. In June 2024, a ruling was handed down in favour of CAF and its subsidiary in Brazil, dismissing the previous decision.

In addition, the CAF Group subsidiary in Brazil is part of a consortium in Brazil, the purpose of which is the performance of a construction contract for a new tramway and the supply of rolling stock for the tramway. CAF’s scope in the consortium basically entails the supply of the rolling stock and the signalling. Currently, various administrative and court proceedings have been initiated in relation to this project, in which, among other issues, the potential termination of the contract, alleged irregular practices, the imposition of payments for damages, fines and penalties or the potential breach of contract by both the consortium and the customer are under analysis, mainly in relation to civil engineering work. The CAF Group's subsidiary in Brazil is a defendant in these proceedings. In relation to the potential breach of contract, CAF's legal advisers consider that the consortium has solid arguments to justify its defence and to conclude that the non-completion of the work is the result of the customer not complying with its commitments. Whatever the case may be, should the court find against the Consortium for breach of contract, since the breaches are mainly attributable to other members of the Consortium, CAF could claim the potential losses from such members (see Note 9). Furthermore, in one of these proceedings, the competent judge granted an interim injunction against the subsidiary in Brazil in the form of a prohibition to dispose of real estate and vehicles as security for possible liabilities that may result from an eventual court ruling against the subsidiary. The subsidiary is continuing to defend its interests in these proceedings. Meanwhile, in another administrative process initiated by the authorities of the State of Mato Grosso in relation to this project in the second half of 2021, the administrative body fined the Consortium and its members BRL 96,170,604.55 (equivalent to EUR 16,324 thousand at 30 June 2024) (the subsidiary holds a 36.8% stake in the Consortium which, were the fine to be distributed in proportion to the interests in the Consortium, would be equivalent to approximately EUR 6 million), and a prohibition on contracting with public entities for five years in the State of Mato Grosso and for two years in Brazil. The Consortium and the subsidiary have appealed against this administrative sanction and have obtained from the judicial authorities a precautionary suspension of the effectiveness of the fine imposed and of the prohibition on arranging public contracts in Brazil. Also in relation to this project, the subsidiary continues to challenge in court the termination of the contract requested by the State of Mato Grosso and the consequences arising from this decision, in relation to which the competent courts ordered the precautionary suspension of the effectiveness of the fine imposed as a result of the termination. In relation to the foregoing, the fines and penalties imposed by the Mato Grosso State on the Consortium have been dismissed under an agreement with this state signed in July 2024, which envisages the definitive write-off of these fines and penalties once certain conditions set have been complied with.

Meanwhile, on 27 August 2018 the National Commission for Markets and Competition ("CNMC") initiated sanctioning proceedings against various companies, including CAF Signalling, S.L.U. and its parent Construcciones y Auxiliar de Ferrocarriles, S.A. (considered jointly and severally liable), in relation to alleged anti-competitive practices. As of the date of formulation of these interim consolidated financial statements, the open file concluded with the notification of the resolution on September 30, 2021, putting an end to the administrative route and which has been the subject of a contentious-administrative appeal before the National Court. The main aspects of the case and the decision, which affect the subsidiary company CAF Signalling, S.L.U., are that in 2015 this CAF subsidiary joined the cartel initiated in 2002 by other entities, consisting of distribution agreements between the various companies involved. The subsidiary was charged with exercising this conduct for a shorter duration than all the other sanctioned companies (from April 2015 to December 2017) and was handed a fine of EUR 1.7 million. CAF, S.A. is jointly and severally liable for payment of the fine based on the economic unit that makes up the parent company and subsidiary for the purposes of competition regulations. As part of this same case, two former directors of CAF Signalling, S.L.U. were also fined. As the date of authorisation of issue of these interim condensed consolidated financial statements, CAF, S.A. and CAF Signalling, S.L.U. had filed an administrative appeal against the CNMC resolution before the National Appellate Court, following the approval of the precautionary suspension of payment of the fine until the National Appellate Court rules on the merits of the case. The proceedings relating to the prohibition on public tendering is also suspended.

The Group's legal advisors consider that an unfavourable outcome for the CAF Group is unlikely and that the lawsuit will not materially affect its financial statements for the years in which the amounts are ultimately paid, if at all. Therefore, no provision was recognised in this respect at 30 June 2024.

e) Comparative information

The information contained in these interim condensed consolidated financial statements 2023 is presented solely for comparison purposes with the information relating to the six-month period ended 30 June 2024.

f) Seasonality of the Group’s transactions

In view of the business activities in which the Group companies engage, as well as the stage of completion method of accounting, the Group’s transactions are not cyclical or seasonal in nature. Therefore, no specific disclosures in this connection are included in these notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2024.

g) Materiality

In determining the disclosures to be made in these notes to the condensed consolidated financial statements on the various line items in the condensed consolidated financial statements or on other matters, in accordance with IAS 34 the Group took into consideration materiality with respect to the interim condensed consolidated financial statements.

h) Events after the reporting period

At 30 June 2024, the Group had a firm backlog of EUR 13,843 million.

i) Climate change

CAF aspires to lead the transition towards sustainable mobility, which is why the challenge of decarbonisation constitutes one of the main axes of its strategy. Thus, reinforcing its commitment to sustainable and long-term development, the Group has consolidated sustainability as one of the four axes of its 2026 Strategic Plan (available at www.caf.net). In this axis, the transition towards net zero emissions mobility stands out as the main purpose. This same priority is reflected in CAF's 2026 Sustainability Master Plan, which integrates the strategic initiative associated with the decarbonization of our operations.

The Company's strategic commitment to decarbonisation and the energy transition is reflected in its inclusion in the SBTi (*Science Based Targets Initiative*) and the *Race to Zero,* international alignment initiatives in the fight against climate change and the Paris Agreement. Likewise, CAF has made public its ambition to obtain zero net carbon emissions (*Net Zero*) for 2045.

To respond to these commitments and to promote climate strategies focused on reducing Greenhouse Gas (GHG) emissions and promoting renewable energies, in the first semester of 2024, the Group carried out various activities, the most notable of which were as follows:

- Carrying out the double materiality analysis following the EFRAG guidelines. It is confirmed that climate change continues to be one of the most relevant priorities for our stakeholders. This is reflected in various strategic initiatives included in the Sustainability Master Plan, which addresses matters such as the decarbonisation of operations and the management of ecodesign. The Master Plan will be published in the second semester of this year and will include the double materiality result.

- Following the remission of the long- and short-term targets for SBTi in 2023, these continued to form part of the technical validation process by this organisation.

- Deployment of reduction plans for the businesses to comply with the reduction targets set at Group level.

- In the area of managing risks and opportunities arising from climate change, an analysis of the quantification of these risks and opportunities based on climate scenarios was conducted. This work consolidates the framework implemented in 2022, based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and updates the risk and opportunity analysis to respond to the changing context of the CAF Group.

Within this decarbonisation process, the Group is immersed in the transition towards zero emissions vehicles, mainly electric and hydrogen, with a significant impact on the Bus segment and considerable activity in the Railway sector through the implementation of innovative solutions that substitute diesel trains. The potential impacts of this transition have been considered in the re-evaluation of the useful life of the intangible and material assets of the subsidiaries. Within the framework of this periodic review, the transition to zero-emission vehicles has required reevaluating the useful life of capitalized development expenses, adjusting them individually to each project. Likewise, the useful lives of property, plant and equipment have been reviewed, with no material adjustments required during the first half of 2024 compared to the useful lives detailed in previous years.

In chapter "5. In the Non-Financial Information Statement - Sustainability Report for 2023, additional information is collected on the Group's performance in terms of climate change and other matters related to sustainability, under "Our commitment to the environment".

j) Macroeconomic situation

The Israel-Palestine conflict constitutes a risk of uncertainty on the markets in which the Group operates, affecting various aspects such as the execution of long-term contracts and their monitoring, possible embargoes or sanctions on companies operating in those markets, or possible additional disruptions along the supply chain.

Currently, the CAF Group is executing the following contracts in Israel:

Jerusalem City light rail extension Project. This project was awarded in 2019 under public-private participation to the consortium consisting of CAF and Shapir. The project consists of extending the network by 27 kilometres and 53 new stations, as well as the delivery of 114 trams. In addition to supplying new units, CAF is carrying out the refurbishment of 46 units currently in service, including signalling, energy and communications systems, and project integration. In addition, CAF has a 50% stake in the company that manages the operation and maintenance activity of the two tram lines for an initial period of 25 years for maintenance and 15 years for operation, extendable up to 25 years.

Purple Line Project of the Tel Aviv city light rail. This project was awarded in 2022 by NTA Metropolitan Mass Transit Systems under public-private participation to the consortium involving CAF and Shapir. Within the project, CAF executes the design and manufacturing of 98 tram units, the supply of signalling, energy and communications systems, and the integration of the project. In addition, CAF has a 50% stake in the SPV that manages the line's maintenance activity during the 25-year concession.

The current conflict is affecting the pace of execution of both projects, although operations are maintained on the Jerusalem city light rail line. The Group maintains continuous communications with its clients, working collaboratively to address the problems arising from this situation.

Moreover, the increase in both inflation and interest rates was considered in the assumptions used, which were updated at least annually in the following cases: i) preparation of recoverability tests for non-financial assets, including goodwill, as well as the discount rates applied and the sensitivity analyses performed (Notes 5 and 6); ii) the updating of the value of actuarial obligations

(Note 12); iii) the updating of budgets of contracts with customers, having reviewed and updated the cost of wages and raw materials (Note 9); and iv) the valuation of financial assets (Note 7).

3.- CHANGES IN THE COMPOSITION OF THE GROUP

Note 2-f to the consolidated financial statements for the year ended 31 December 2023 provides significant information on the Group companies that had been consolidated at that date and on those accounted for using the equity method.

During the first six months of 2024, the following companies were formed: CAF Atkins Rail Digital Signalling, Limited, in which the CAF Group has a 50% stake, and Solaris Bus US, Inc., in which the CAF Group has a 100% stake. Also, the liquidation of Solaris Estonia OÜ took place, as well as the dissolution of Regiotren, S.A. de C.V. Likewise, Light TLV NTA Ltd has changed its name to SHACHAF - The Purple Line Light Rail Ltd.

4.- DIVIDENDS PAYABLE BY THE PARENT

Below are the dividends to be paid by the Controlling Entity in July 2024 and in July 2023, which correspond to dividends approved on the results of the years 2023 and 2022, respectively. They all correspond to ordinary shares. The Parent recognised these amounts with a credit to “Current financial liabilities – Other financial liabilities” in the condensed balance sheets at 30 June 2024 and 30 June 2023, respectively:

	30.06.24			30.06.23		
	% of Par Value	Euros per share	Amount (thousands of euros)	% of Par Value	Euros per share	Amount (thousands of euros)
Total dividends payable	369%	1.11	38,052	286%	0.86	29,481

5.- INTANGIBLE ASSETS

Changes in the six-month period ended 30 June 2024 in the intangible asset accounts and in the related accumulated amortisation were as follows:

	Thousands of Euros					
	Balance at 31.12.23	Additions or charge for the year	Transfers	Disposals or reductions	Translation differences	Balance at 30.06.24
Cost:						
Goodwill	186,244	-	-	-	579	186,823
Commercial relationships and customer portfolio	79,294	-	-	-	16	79,310
Patents, licenses and trademarks	140,286	-	(5)	-	819	141,100
Development expenditure	176,011	3,466	271	-	214	179,962
Computer software and other	129,220	21,320	(269)	(12)	(33)	150,226
Total cost	**711,055**	**24,786**	**(3)**	**(12)**	**1,595**	**737,421**
Accumulated amortisation:						
Commercial relationships and customer portfolio	(21,973)	(3,283)	-	-	(104)	(25,360)
Patents, licenses and trademarks	(34,841)	(4,507)	9	-	(213)	(39,552)
Development expenditure	(137,262)	(6,812)	4	-	(125)	(144,195)
Computer software and other	(45,782)	(8,264)	(9)	12	15	(54,028)
Total accumulated amortisation	**(239,858)**	**(22,866)**	**4**	**12**	**(427)**	**(263,135)**
Impairment:						
Development expenditure	(532)	-	-	-	-	(532)
Total Impairment of value	**(532)**	**-**	**-**	**-**	**-**	**(532)**
Net:						
Goodwill	186,244	-	-	-	579	186,823
Commercial relationships and customer portfolio	57,321	(3,283)	-	-	(88)	53,950
Patents, licenses and trademarks	105,445	(4,507)	4	-	606	101,548
Development expenditure	38,217	(3,346)	275	-	89	35,235
Computer software and other	83,438	13,056	(278)	-	(18)	96,198
Total intangible assets, net	**470,665**	**1,920**	**1**	**-**	**1,168**	**473,754**

The additions in the first half of 2024, recognised as “Development expenditure”, relate to the costs incurred in projects to develop new products and projects, as the Group considered that there were no reasonable doubts regarding the economic and commercial returns thereon. Additionally, in 2019, the Group began to implement a new ERP. At 30 June 2024, the Group had investment commitments amounting to EUR 3,131 thousand, mainly for the new computer system, which was implemented at the Parent at the beginning of 2024.

In the first six months of 2024 and 2023, there was no significant impairment of, or substantial changes in, the return estimates and assumptions regarding the development projects on which impairment had been recognised in prior years.

6.- PROPERTY, PLANT AND EQUIPMENT

a) Changes in the period

The changes in the first half of 2024 were as follows:

	Thousands of Euros					
	Opening balance at 31.12.23	Additions / D&A / Allowances	Transfers	Disposals or reductions	Translation differences	End balance at 30.06.24
Cost						
Property, plant and equipment	896,395	14,562	(4,696)	(6,095)	(1,008)	899,158
Rights of use	152,147	9,894	4,895	(4,515)	(221)	162,200
Accumulated depreciation						
Property, plant and equipment	(484,177)	(19,998)	302	4,923	1,302	(497,648)
Rights of use	(66,469)	(12,032)	(594)	4,166	384	(74,545)
Impairment losses						
Property, plant and equipment	(8,009)	-	(254)	1,338	(14)	(6,939)
Net balance	**489,887**	**(7,574)**	**(347)**	**(183)**	**443**	**482,226**
Property, plant and equipment	404,209	(5,436)	(4,648)	166	280	394,571
Rights of use	85,678	(2,138)	4,301	(349)	163	87,655

The main additions in the first half of 2024 mainly relate to the automation of the wheel business facilities, together with the investments in the manufacturing area to increase production capacity, also including the modernisation of the welding and box sanding areas through the robotisation and automation of said processes. Outside Spain, highlights include the industrialisation and extension of new production lines at the Newport plant (UK) to adapt them to the manufacture of tram platform projects, the investments in the French plant of Bagnères-de-Bigorre related with the change of industrial lay-out and the extension of the test area to adapt it to new projects. Lastly, in the bus business, Solaris is continuing with the construction and fitting out of a new warehouse for the production of gas-powered vehicles, to effectively deal with the increase in hydrogen and CNG bus manufacturing needs, taking into account the specific demands of this type of vehicle.

b) Property, plant and equipment purchase commitments

At 30 June 2024 and 31 December 2023, the Group had firm investment purchase commitments for an approximate amount of EUR 7,504 thousand and EUR 6,957 thousand, respectively, mainly corresponding to the adaptation of certain facilities and purchase of machinery located in Spain, Poland, the United States and France.

7.- FINANCIAL ASSETS AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a) Investments accounted for using the equity method

The detail of “Investments accounted for using the equity method” in the accompanying interim condensed consolidated financial statements is as follows:

	Thousands of Euros	
	30.06.24	31.12.23
Associates:		
Arabia One for Clean Energy Investments PSC.	2,109	1,853
Great River City Light Rail Pty Ltd	500	379
Joint ventures:		
Ferrocarril Interurbano S.A. de C.V.	4,613	4,492
Momentum Trains Holding Pty Ltd	7,076	5,605
CFIR Light Rail Ltd	7,172	7,342
LAVI Light Rail O&M Ltd.	24,827	24,091
SHACHAF - The Purple Line Light Rail Ltd	695	104
Oher investments	1,657	1,442
TOTAL	**48,649**	**45,308**

The changes in the periods ended 30 June 2024 and 2023 in “Investments accounted for using the equity method” in the accompanying condensed consolidated balance sheet were as follows:

	Thousands of Euros	
	30.06.24	30.06.23
Opening balance	**45,308**	**33,116**
Amounts (charged)/credited to profit or loss	2,856	5,199
Hedges (Note 17)	591	3,438
Additions	73	-
Translation differences	(179)	(475)
Closing balance	**48,649**	**41,278**

b) Non-current financial assets

The detail of “Non-Current Financial Assets” in the accompanying interim condensed consolidated financial statements is as follows:

	Thousands of Euros			
	30.06.24		31.12.23	
	% of Ownership	Balance	% of Ownership	Balance
Equity instruments-				
Ferromovil 3000, S.L.	10%	450	10%	450
Arrendadora de Equipamientos Ferroviarios, S.A.	15%	4,504	15%	4,504
Iniciativa FIK, A.I.E.	14.18%	746	14.18%	746
Albali Señalización, S.A.	3%	492	3%	492
Leo Express Global, A.S.	5%	800	5%	819
Other		744		746
Total Equity instruments –		**7,736**		**7,757**
Other financial assets -				
Amortised cost -				
Guarantees and other financial assets		14,103		15,036
Loans to employees		2,993		2,691
Non-current tax receivables		17,160		19,390
Non-current trade receivables and loans		229,947		269,490
Loans to associates		38,910		37,498
		303,113		**344,105**
Provisions-				
Provisions for tax receivables		(7,279)		(7,998)
Impairment losses		(1,536)		(2,069)
		(8,815)		**(10,067)**
Total other financial assets		**294,298**		**334,038**
Total		**302,034**		**341,795**

Guarantees and other financial assets

The breakdown of this heading at 30 June 2024 and 31 December 2023 was as follows:

	Thousands of Euros	
	30.06.24	31.12.23
Guarantees and other financial assets	3,303	3,112
Non-current deposits	10,800	11,924
Total guarantees and other financial assets	**14,103**	**15,036**
Non-current deposits	10,800	11,924
Impairment of non-current deposits	(96)	(108)
Total non-current deposits (Note 10-d)	**10,704**	**11,816**

At 30 June 2024, "Non-current deposits" corresponded mainly to the guarantee linked to the financial debt of the subsidiary Ctrens Companhia Manutençao, S.A. (Note 11) for an amount of EUR 10,642 thousand (EUR 11,754 thousand at 31 December 2023).

Non-current tax receivables

At 30 June 2024, the Group had recognised an amount of EUR 17,160 thousand under "Non-current financial assets" for accounts receivable from public authorities for tax equivalent to value added tax (EUR 19,390 thousand at 31 December 2023).

At 30 June 2024 and 31 December 2023, the Group had posted a provision of EUR 7,279 thousand and EUR 7,998 thousand, respectively, to adjust the nominal value of these receivables to their recoverable amount.

Non-current trade receivables and loans

The breakdown of this heading at 30 June 2024 and 31 December 2023 was as follows (in thousands of euros):

	30.06.24	31.12.23
Concessions – Financial assets	222,435	260,202
Non-current trade receivables (Buses)	3,015	3,656
Other non-current trade receivables and loans	4,497	5,632
Total	**229,947**	**269,490**

In 2010, the Group signed two concession contracts in Brazil and Mexico, the conditions of which are described in Note 9-b-2 to the consolidated financial statements for 2023. These concessions are accounted for in accordance with IFRIC 12- Service Concession Arrangements, since the related requirements have been met, and, pursuant to IFRIC 12, the various services provided (construction, operation/maintenance and financing) were separated.

Consequently, the Group recognised EUR 222,435 thousand and EUR 116,522 thousand, respectively, under “Non-current financial assets – Financial assets at amortised cost – Non-current trade receivables” and “Current financial assets – Other receivables", relating to the construction and provision of services to date, net of the billings made (EUR 260,202 thousand and EUR 122,291 thousand at 31 December 2023).

In the case of both contracts the future cash flows from the lease payments are determined and guaranteed in full from the date on which the contracts are signed. The only potentially variable amount in the payments relates solely to any possible penalties relating to the technical performance of the rolling stock material made available to the customer. This aspect has been taken into account when determining the cash flows to be received. There is no demand risk for the CAF Group in these contracts, since the financial flows to be received are unrelated to passenger numbers.

In 2024 and 2023, in the Bus segment long-term collection schedules were established with a customer. These loans accrue interest at market rates and are repaid between three and five years.

The changes in the first six months of 2024 and 2023, in the balance of the impairment losses on the Group’s assets, including non-current tax receivables and expected losses under IFRS 9, which form part of the balance of “Non-current financial assets”, were as follows:

	Thousands of Euros	
	30.06.24	30.06.23
Balance at the beginning of the period	**(10,067)**	**(9,346)**
Translation differences	854	(624)
Net impairment losses recognised with a charge to “Impairment and gains or losses on disposals of non-current assets”	-	(124)
Net impairment losses recognised with a charge to “Other operating expenses”	398	(158)
Current reclassifications	-	11
Balance at end of period	**(8,815)**	**(10,241)**

c) Current financial assets

The detail of “Current financial assets” in the accompanying interim condensed consolidated financial statements is as follows:

	Thousands of Euros	
	30.06.24	31.12.23
Current financial assets (Note 10-d)	**24,206**	**109,083**
At amortised cost	24,175	22,939
At fair value through profit or loss	31	86,144
Other financial assets	**2,312**	**16,365**
At amortised cost	2,312	16,365
Total	**26,518**	**125,448**

During the first semester of 2024, the Parent sold the fixed-income investment funds that as of 31 December 2023 had been recognised as "Financial assets at fair value through profit or loss."

8.- INVENTORIES

The detail of "Inventories" at 30 June 2024 and 31 December 2023 was as follows:

	Thousands of Euros	
	30.06.24	31.12.23
Trains, traction equipment, civil engineering, signalling	40,441	2,759
Spare parts, components and other	318,836	218,746
Rolling stock	**359,277**	**221,505**
Buses	**294,001**	**255,633**
Total	**653,278**	**477,138**

At 30 June 2024, the Group had posted an impairment allowance of EUR 65,354 thousand (EUR 61,799 thousand at 31 December 2023).

9.- TRADE AND OTHER RECEIVABLES

The breakdown of "Trade receivables for sales and services" at 30 June 2024 and 31 December 2023 was as follows:

	Thousands of Euros	
	30.06.24	31.12.23
Trade receivables	2,252,468	2,227,982
Write-downs	(17,356)	(18,737)
Total	**2,235,112**	**2,209,245**

The breakdown of this heading, by trade receivables and contract assets, is as follows:

	Thousands of Euros	
	30.06.24	31.12.23
Contract assets	1,447,244	1,443,840
Customers billed	805,224	784,142
Write-downs	(17,356)	(18,737)
Total	**2,235,112**	**2,209,245**

Contract assets and liabilities

The aggregate balance and changes in contract assets and liabilities in the first half of 2024 and 2023 was as follows:

	Thousands of Euros	
	30.06.24	31.12.23
Current contract assets	1,447,244	1,443,840
Current contract liabilities (Note 13)	(1,183,548)	(1,176,946)
Non-current contract liabilities (Note 15)	(85,291)	(92,842)
Net balance	**178,405**	**174,052**

	Thousands of Euros	
	30.06.24	30.06.23
Balance at the beginning of the period	**174,052**	**95,631**
Changes in measure of progress	1,153,640	1,091,553
Billings	(1,158,940)	(885,797)
Penalties applied	3,588	6,842
Translation differences	5,574	(694)
Reclassifications and other	491	(254)
Balance at the end of the period	**178,405**	**307,281**

Of the "Current contract liabilities" existing at 31 December 2023, in the first half of 2024, EUR 512,449 thousand (EUR 442,866 thousand in the first half of 2023) were recognised as revenue. Moreover, no significant revenue was recognised for performance obligations fulfilled in prior periods.

The Group also recognised EUR 237,673 thousand under "Trade and other payables – Suppliers" in the accompanying condensed consolidated balance sheet as costs for the provision of services related to train construction contracts, such expenses having accrued based on the measure of progress (31 December 2023: EUR 277,502 thousand).

The provisions for third-party liabilities reducing contract assets and liabilities amounted to EUR 34,874 thousand at 30 June 2024 (31 December 2023: EUR 37,412 thousand).

Customers billed

“Trade receivables billed" included withholdings on collections at 30 June 2024, amounting to EUR 14,818 thousand (31 December 2023: EUR 12,000 thousand).

The amount of the past-due balances recognised under "Trade and other receivables" as of 30 June 2024 and 31 December 2023 is as follows:

	Thousands of Euros	
	30.06.24	**31.12.23**
Past due > 90 days	73,644	11,404
Past due > 180 days	115,932	136,047
Total	**189,576**	**147,451**

Balances over 180 days past due include:

- At 30 June 2024, the Group had recognised EUR 28,036 thousand, corresponding to billed and unbilled balances receivable under a contract already performed that had yet to be collected, after securing arbitration awards favourable to the Group and with subsequent favourable judgments (EUR 29,294 thousand at 31 December 2023). At 30 June 2024, no significant event has been identified that has affected the credit risk, and it is not estimated that any loss will occur in relation to the recoverability of the outstanding amounts.
- At 30 June 2024, the Group had recognised EUR 38,221 thousand (EUR 39,189 thousand at 31 December 2023), relating to billed and unbilled balances pending collection in respect of various disputes with a customer for a project in which there are cross claims regarding delays in meeting the contractual milestones signed by the consortium to which CAF belongs. The litigation is in progress and, therefore, it is difficult to assess its possible impact; however, the Parent's directors consider that the likelihood of this situation giving rise to losses for the Group is low, since there are causes that have given rise to delays that can, in no case, be attributed to the consortium. The amounts claimed are greater than the damage caused to the customer, and there are claims for cost overruns incurred by the consortium attributable to the customer. At the date of preparation of these interim condensed consolidated financial statements during the judicial proceedings, two expert reports have been issued analysing the alleged delays and the CAF Group continues to defend its interests in these proceedings, estimating that they will recover, at least, the acknowledged amounts.
- At 30 June 2024, the amount past-due by more than 180 days recognised under “Trade receivables for sales and services” in relation to a contract for the construction and supply of fleet in Brazil amounted to EUR 13.7 million (EUR 15.1 million at 31 December 2023), without counting the advance payments, impairment losses or provisions recognised, which cover the entire amount (Note 2-d).

The Group derecognises a financial asset when the rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred, such as in the case of firm asset sales and non-recourse factoring of trade receivables. The unmatured receivables settled by the Group through the aforementioned “non-recourse factoring” transactions amounted to EUR 186,608 thousand at 30 June 2024 (EUR 57,472 thousand at 31 December 2023).

Other receivables

The breakdown of the heading "Other receivables" was as follows at 30 June 2024 and 31 December 2023:

	Thousands of Euros	
	30.06.24	**31.12.23**
Concessions (Note 7-b)	116,522	122,291
Other taxes receivable		
VAT	89,780	52,366
Grants	9,982	12,020
Other	3,496	2,280
Employee receivables	524	724
Sundry accounts receivable	3,494	6,620
Total	**223,798**	**196,301**

10.- EQUITY

a) Issued capital

At both 30 June 2024 and 31 December 2023, the Parent's share capital was represented by 34,280,750 fully subscribed and paid up shares, each with a par value of 0.301 euros, all represented in book entry form and all listed on the stock exchange.

The Annual General Shareholders' Meeting held on 5 June 2021 authorised the Board of Directors to increase share capital on one or more occasions, over a period of five (5) years from that date, and subject to a cap of half of the share capital at the time of the authorisation, including the power to exclude pre-emptive subscription rights, if the Parent's interest so requires and without such exclusion exceeding 20% of the share capital at the time of the authorisation. This authorisation superseded and rendered null and void the powers previously granted to the directors at the Annual General Meeting held on 2 June 2018. As at the date of authorisation for issue of these interim condensed consolidated financial statements, no capital increases had been carried out since that resolution.

Lastly, the Annual General Shareholders' Meeting held on 11 June 2022 resolved to vest powers in the Parent's Board of Directors, with express powers of delegation, for a term of five (5) years running from that date, to issue debt instruments and fixed income or other securities (including warrants) convertible into shares of the Parent or other Group companies, including the power to exclude shareholders' pre-emption rights for a maximum of 20% of the share capital at the authorisation date. Said agreement replaced the one adopted by the Annual General Meeting of the Parent held on 10 June 2017. As of the date of preparation of these interim condensed consolidated financial statements, no issues of convertible securities have been made since said agreement.

b) Treasury shares and Earnings per share

The Annual General Meeting of Shareholders, held on 13 June 2020, vested powers in the Parent´s Board of Directors to acquire treasury shares for a period of five (5) years from said date. Said authorisation cancelled that granted by agreement of the Ordinary General Shareholders' Meeting, held on 13 June 2015. Within the framework of said delegation, the Parent's Board of Directors authorised the execution of a liquidity contract, whose formalisation was notified to the market via Other Relevant Information notice to the CNMV, dated 26 April 2022, which remains in force. In accordance with prevailing law and regulations, the Parent reports quarterly to the CNMV on all transactions carried out under that contract.

During the six-month period ended 30 June 2024 and 2023, various transactions involving own shares were carried out on the continuous market. The breakdown of transactions with own shares held by the Group is as follows:

2024

	No. of shares	Nominal value (Thousands of Euros)	Average purchase price (Euros)	Total cost (Thousands of Euros)
Treasury shares at 30 June 2024	41,494	12	33.18	1,377

2023

	No. of shares	Nominal value (Thousands of Euros)	Average purchase price (Euros)	Total cost (Thousands of Euros)
Treasury shares at 30 June 2023	43,232	13	27.80	1,202

The following table shows changes in treasury shares in the first six months of 2024 and 2023:

	No. of shares
Treasury shares at 1 January 2023	46,947
+ Purchases	373,269
- Sales	(376,984)
Treasury shares at 30 June 2023	**43,232**
Treasury shares at 1 January 2024	**43,318**
+ Purchases	193,414
- Sales	(195,238)
Treasury shares at 30 June 2024	**41,494**

The par value of the own shares acquired directly or indirectly by CAF has not exceeded the 10% of the share capital during the six-month period ended 30 June 2024 and 2023.

Basic earnings per share are obtained by dividing consolidated profit for the period attributable to the Parent by the weighted average number of ordinary shares in circulation, excluding the average number of treasury shares held during the period. As the Group has no potentially dilutive ordinary shares, there is no difference between basic and diluted earnings per share. Basic earnings per share are calculated as follows:

	30.06.24	30.06.23
Consolidated profit/(loss) for the period attributable to the Parent (thousands of euros)	52,202	34,409
Average number of shares issued (in thousands of shares)	34,235	34,233
Earnings per share (in euros)	**1.52**	**1.01**

c) Valuation adjustments

Hedges

The changes in this heading in the first six months of 2024 and 2023 were as follow:

	Thousands of Euros	
	30.06.24	30.06.23
Balance at the beginning of the period	**18,800**	**12,544**
Income and expense recognised in equity	1,544	4,107
Transfers to profit or loss	1,001	(1,047)
Tax effect	(1)	(76)
Balance at the end of the period	**21,344**	**15,528**

Translation differences

The changes in this heading in the first six months of 2024 and 2023 were as follows:

	Thousands of Euros	
	30.06.24	30.06.23
Balance at the beginning of the period	**(161,327)**	**(188,302)**
Net change in the period	(14,784)	22,897
Balance at the end of the period	**(176,111)**	**(165,405)**

The currency that has generated the greatest variation in conversion differences during the first six months of 2024 is the Brazilian real.

d) Capital management

The Group's capital management is aimed at achieving a financial structure that optimises the cost of capital, ensuring a sound financial position. This policy allows the Group to create value for shareholders by accessing the financial markets at a competitive cost in order to meet both debt refinancing needs and the investment plan financing requirements not covered by funds generated by the Group's business activities.

The directors of the CAF Group consider that the fact that the leverage ratio with recourse to the Parent is minimal is a good indicator that the objectives set are being achieved. They also believe that the Group's credit quality is commensurate to the profile of its businesses.

The CAF Group regularly assesses the appropriateness of its liability structure, and takes into consideration the projected cash flows, the maturity profile of its debt, the foreseeable evolution of its working capital and other future liquidity needs.

At 30 June 2024 and 31 December 2023, a substantial portion of the borrowings were directly assigned to activities such as the concession in Brazil and Solaris' operations (Note 11). Leverage is taken to be the ratio of net financial debt to equity:

	Thousands of Euros	
	30.06.24	31.12.23
Net financial debt:		
Refundable advances with interest (Note 11-b)	7,209	7,531
Bank borrowings - Non-current liabilities (Note 11-a)	337,299	509,154
Bank borrowings and debt instruments – Current liabilities (Note 11-a)	444,348	303,029
Gross Financial Debt	**788,856**	**819,714**
Financial assets - Non-current assets (Note 7-b)	(10,704)	(11,816)
Current financial assets (Note 7-c)	(24,206)	(109,083)
Cash and cash equivalents	(470,413)	(442,791)
Net financial debt	**283,533**	**256,024**
Equity:		
Attributable to the Parent	857,248	855,237
Non-controlling interests	11,182	12,946
	868,430	**868,183**

11.- FINANCIAL LIABILITIES

a) Bank borrowings and debt instruments or other marketable securities

The detail of "Bank Borrowings and Debt Instruments or other Marketable Securities" in the accompanying consolidated balance sheet is as follows:

	Nominal currency	Thousands of Euros					
		30.06.24			31.12.23		
		Non-current	Current	Total	Non-current	Current	Total
Loans and credit accounts							
Ctrens - BNDES	BRL	17,037	19,187	36,224	29,359	20,212	49,571
The Parent (CAF, S.A.)	EUR	317,765	199,944	517,709	477,927	57,702	535,629
CAF Investment Projects, S.A.U.	EUR	-	14,000	14,000	-	16,500	16,500
Solaris Group	PLN/EUR	2,497	138,719	141,216	1,868	114,386	116,254
Other Group companies	EUR	-	567	567	-	522	522
		337,299	372,417	709,716	509,154	209,322	718,476
Debt instruments or other marketable securities:							
Commercial paper issue	EUR	-	70,147	70,147	-	90,800	90,800
Accrued interest payable		-	1,784	1,784	-	2,907	2,907
Total		**337,299**	**444,348**	**781,647**	**509,154**	**303,029**	**812,183**

The main terms and conditions of the loans are disclosed in Note 16 to the consolidated financial statements for 2023.

At 30 June 2024, the Group's companies had undrawn credit facilities amounting to EUR 432,207 thousand (EUR 404,427 thousand at 31 December 2023).

b) Other financial liabilities

The detail of "Non-Current Financial Liabilities - Other Financial Liabilities" and "Current Financial Liabilities - Other Financial Liabilities" in the condensed consolidated balance sheet at 30 June 2024 and the consolidated balance sheet at 31 December 2023 was as follows:

Current and non-current financial liabilities – Other financial liabilities	Thousands of Euros					
	30.06.24			31.12.23		
	Non-current	Current	Total	Non-current	Current	Total
Repayable interest-bearing advances	5,897	1,312	7,209	6,050	1,481	7,531
Non-interest-bearing repayable advances	15,255	6,824	22,079	15,364	8,683	24,047
Share purchase liabilities	105	22,374	22,479	107	38,664	38,771
Payable to non-current asset suppliers (Note 6)	-	5,837	5,837	-	5,474	5,474
Lease liabilities	62,192	23,952	86,144	65,805	22,694	88,499
Dividend payable	-	41,508	41,508	-	-	-
Other liabilities	112	2,539	2,651	100	1,041	1,141
Total	**83,561**	**104,346**	**187,907**	**87,426**	**78,037**	**165,463**

During the first half of 2024, the purchase option of 4.21% of the capital of BWB Holdings Limited has been exercised.

The changes in “Bank borrowings and debt instruments or other marketable securities” and “Other financial liabilities” during the first half of 2024 and 2023 were as follows:

2024

	Thousands of Euros		
	Bank borrowings and debt instruments or other marketable securities	**Other financial liabilities**	**Total**
Balance at 31 December 2023	**809,276**	**165,463**	**974,739**
Cash flows from financing activities			
New drawdowns	333,369	10,635	344,004
Maturity payments	(360,300)	(23,345)	(383,645)
	(26,931)	(12,710)	(39,641)
Other changes (without cash flows)			
Translation differences	(3,116)	196	(2,920)
Dividends accrued, new leases, other	634	34,958	35,592
	(2,482)	35,154	32,672
Balance at 30 June 2024	**779,863**	**187,907**	**967,770**

The new debt arrangements with credit institutions for the first half of the year 2024 were as follows:

	Thousands of Euros
	30.06.24
Loans and credit accounts	172,182
Commercial paper issue	143,400
Factoring	17,787
Total	**333,369**

In the first six months of 2024, the Parent arranged new loans at a floating interest rate, amounting to EUR 225 million, against which EUR 164 million had been drawn down at 30 June 2024, maturing between 2027 and 2031.

2023

	Thousands of Euros		
	Bank borrowings and debt instruments or other marketable securities	**Other financial liabilities**	**Total**
Balance at 31 December 2022	**866,861**	**157,584**	**1,024,445**
Cash flows from financing activities			
New drawdowns	217,340	12,598	229,938
Maturity payments	(251,498)	(20,191)	(271,689)
	(34,158)	(7,593)	(41,751)
Other changes (without cash flows)			
Translation differences	13,402	138	13,540
Dividends accrued, new leases, other	2,083	44,652	46,735
	15,485	44,790	60,275
Balance at 30 June 2023	**848,188**	**194,781**	**1,042,969**

12.- PROVISIONS AND CONTINGENT LIABILITIES

The breakdown, by item, of the headings "Non-current provisions" and "Current provisions" in the condensed consolidated balance sheet at 30 June 2024 and in the consolidated balance sheet at 31 December 2023 was as follows:

	Thousands of Euros					
	30.06.24			31.12.23		
	Non-current	Current	Total	Non-current	Current	Total
Provisions for contractual obligations	-	69,798	69,798	-	67,780	67,780
Provisions for warranties and technical support	68,497	297,423	365,920	67,796	266,648	334,444
Provisions for litigation	42,870	1,665	44,535	44,789	1,833	46,622
Provisions for commitments with staff	19,261	9,078	28,339	19,077	9,938	29,015
Other provisions	2,065	17,835	19,900	2,021	18,523	20,544
Total	**132,693**	**395,799**	**528,492**	**133,683**	**364,722**	**498,405**

Changes in current and non-current provisions in the first semester of 2024 and 2023 were as follows:

	Thousands of Euros					
	Contractual liability	Warranty and support services	Litigation	Employee benefit obligations	Other provisions	Total provisions
Balance at 31.12.22	**67,938**	**296,204**	**40,495**	**23,991**	**15,300**	**443,928**
Net charge for the period	(17,244)	66,229	2,872	1,811	2,060	55,728
Amounts used	(700)	(35,764)	(1,476)	(2,834)	(1,414)	(42,188)
Translation differences	32	5,663	2,745	242	118	8,800
Transfers	(2,076)	(78)	-	-	707	(1,447)
Balance at 30.06.23	**47,950**	**332,254**	**44,636**	**23,210**	**16,771**	**464,821**
Balance at 31.12.23	**67,780**	**334,444**	**46,622**	**29,015**	**20,544**	**498,405**
Net charge for the period	2,340	56,147	3,263	4,035	(417)	65,368
Amounts used	-	(25,011)	(864)	(3,481)	(173)	(29,529)
Translation differences	(621)	340	(4,246)	(37)	(54)	(4,618)
Transfers	299	-	(240)	(1,193)	-	(1,134)
Balance at 30.06.24	**69,798**	**365,920**	**44,535**	**28,339**	**19,900**	**528,492**

Contractual liability and warranty and support services

The provisions for contractual liability relate mainly to provisions for onerous contracts. The provisions for warranty and support services relate to estimated future costs (based on historic data and technical analyses) to which the Group is committed in accordance with the warranty period provided for in the contracts. The expected period to settle the provisions varies on the basis of their nature, the average approximate period being:

- Contractual liability: 1-2 years
- Warranty: 1-4 years (varies on the basis of the contractual arrangement to which it relates)

The expenses incurred in the first semester of 2024 and 2023 in connection with the provision of contractual warranty services were recognised under “Procurements” and “Staff costs” in the accompanying interim consolidated statements of profit or loss for 2024 and 2023.

Provisions for litigation

As a result of the administrative decision in July 2019, arising as a result of the investigation initiated in 2013 into the involvement of various rolling stock manufacturers in possible anti-competitive practices described in Note 2-d, at 30 June 2024, the Group had recognised a provision amounting to EUR 41.7 million (EUR 43.5 million at 31 December 2023). The amount of the fine was updated by the related interest cost in accordance with the Brazilian interest rate (SELIC) and EUR 2,219 thousand were recognised in the first half of 2024, with a charge to “Finance costs” in the accompanying condensed consolidated profit and loss statement (EUR 2,448 thousand in the first half of 2023).

The Group also recognises provisions for labour-related liabilities due to the existence of a present obligation arising from past events, upon maturity of which the Group expects to utilise resources to settle the obligation, as well as other commitments to its employees, as required by the laws of the countries in which they are located. The amount is based on the best estimate made by the Parent's directors at the reporting date and the obligations are recognised at the present value whenever the financial effect is material.

13.- OTHER PAYABLES

The breakdown of the heading "Other payables" at 30 June 2024 and 31 December 2023 was as follows:

	Thousands of Euros	
	30.06.24	31.12.23
Suppliers	999,373	980,639
Other payables		
Current contract liabilities (Note 9)	1,183,548	1,176,946
Other taxes payable	116,017	99,170
Sundry trade payables	91,128	55,782
Staff – Outstanding remuneration	122,889	70,192
Total	**2,512,955**	**2,382,729**

14.- BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The Group's "related parties" are deemed to be, in addition to the subsidiaries, associates and jointly controlled entities, the Parent's "key management personnel" (its directors and managers, and their close family members) and the entities over which key management personnel may exercise significant influence or control.

a) Balances and transactions with associates

The transactions performed by the Group with its related parties (significant shareholders, Board members and executives of the Parent and other related parties) in the first six months of 2024 and 2023 were as follows: The terms and conditions of the transactions with related parties are equivalent to those in transactions performed on an arm's length basis and the corresponding payments in kind were charged.

Expenses and Income	Thousands of Euros	
	30.06.24	30.06.23
Expenses:		
Purchases of goods and services	799	218
	799	**218**
Income:		
Revenue	311,851	187,438
Finance income	1,411	1,308
	313,262	**188,746**

Sales during the first six months of 2024 and 2023 were made mainly to Ferrocarriles Suburbanos, S.A.P.I. de C.V., CFIR Light Rail Ltd, Momentum Trains Holding Pty Ltd, Great River City Light Rail Pty Ltd , SHACHAF - The Purple Line Light Rail Ltd, Plan Metro, S.A. and Ferrocarril Interurbano S.A. de C.V., in all of which the CAF Group holds non-controlling ownership interests along with other shareholders.

At 30 June 2024 and 31 December 2023, the Group's main balances with investees that had not been fully consolidated were as follows:

	30.06.24	31.12.23
Balances receivable:		
Trade and other receivables	229,032	366,297
Loans and credits granted	38,910	37,498
Balances payable:		
Payable to suppliers and trade payables	190,613	181,380

b) Balances and transactions with shareholders

At 30 June 2024 and 31 December 2023, the Group continued to perform the following financial transactions with shareholders owning 10% or more of voting rights (in thousands of euros):

		2024		2023	
Shareholder	Type of transaction	Amount of transaction	Balance drawn at 30/06/24	Amount of transaction	Balance drawn at 31/12/23
Kutxabank, S.A.	Bank loans	40,000	35,000	40,000	35,000
Kutxabank, S.A.	Credit accounts	35,000	-	35,000	-
Kutxabank, S.A.	Bank guarantees	150,119	121,216	150,119	129,811

Additionally, during the first semester of 2024, the Group contracted professional services with Kutxabank, S.A. and other subsidiaries of the Bilbao Bizkaia Kutxa Banking Foundation for EUR 29 thousand (EUR 29 thousand during the first half of 2023), and it did not perform any factoring transactions without recourse during the first half of 2024 (EUR 16,373 thousand in the first half of 2023).

15.- OTHER CURRENT AND NON-CURRENT ASSETS AND LIABILITIES

The detail of the Group's "Other non-current assets" and "Other current assets" in the condensed consolidated balance sheet at 30 June 2024 and 31 December 2023 was as follows:

	Thousands of Euros	
	30.06.24	**31.12.23**
Assets for the right of return	4,514	4,763
Other non-current assets	**4,514**	**4,763**
Prepayments	20,866	16,099
Other current assets	**20,866**	**16,099**

The detail of the Group's "Other non-current liabilities" and "Other current liabilities" in the condensed consolidated balance sheet at 30 June 2024 and 31 December 2023 was as follows:

	Thousands of Euros	
	30.06.24	**31.12.23**
Non-current contract liabilities (Note 9)	85,291	92,842
Advances received on operating leases	1,329	5,099
Refund liabilities	5,371	5,358
Other non-current liabilities	**91,991**	**103,299**
Advances received on operating leases	3,089	1,237
Unearned income	2,755	3,227
Refund liabilities	419	296
Other current liabilities	**6,263**	**4,760**

As explained in Note 21 to the consolidated financial statements for 2023, certain bus sale contracts included customer refund options. If it is determined that the contract is an operating lease, the billings received in advance are recognised under "Advances Received on Operating Leases". If, on the other hand, it is concluded that the contract is a sale with a right of return, the value of the asset to be repurchased by the Parent is recognised under "Assets for the Right of Return" and the amount expected to be paid to recover the asset is recognised under "Refund Liabilities".

16.- REMUNERATION AND OTHER BENEFITS OF THE PARENT'S DIRECTORS AND SENIOR MANAGERS

In the first six months of 2024 and 2023, the Parent recognised EUR 1,182 thousand and EUR 1,039 thousand, respectively and approximately, for salaries, attendance fees and life insurance accrued by the members of the Board of Directors. At 30 June 2024 and 31 December 2023, neither the Board of Directors of the Parent nor those of the remaining subsidiaries had granted any advances, guarantees or loans to their current or former directors.

Remuneration of the Parent's senior executives, per the binding definition of "Senior Executives" in the Corporate Governance Report, in the first six months of 2024 and 2023 amounted to EUR 1,074 thousand and EUR 859 thousand, respectively.

In the first semester of 2024 and 2023, there were no other transactions with executives outside the Company's normal course of business.

17.- DERIVATIVE FINANCIAL INSTRUMENTS

The CAF Group uses derivative financial instruments to hedge the risks to which its activities, transactions and future cash flows are exposed, mainly risks arising from changes in exchange and interest rates (as explained in Note 17 to the consolidated financial statements for 2023). The CAF Group arranges foreign currency hedges in order to mitigate the potential adverse effect that changes in exchange rates might have on future cash flows relating to transactions and loans in currencies other than the functional currency of the company concerned.

Also, certain fully consolidated companies and certain companies accounted for using the equity method have arranged interest rate hedges.

The breakdown of the net balances of derivatives, basically fair value hedges, recognised in the condensed consolidated balance sheet at 30 June 2024 and at 31 December 2023, was as follows:

	Thousands of Euros			
	Fair value		Cash flow	
	30.06.24	31.12.23	30.06.24	31.12.23
Hedges:				
USD currency forwards	(1,675)	1,469	-	-
GDP currency forwards	4,572	3,032	-	-
MXN currency forwards	(648)	(1,712)	-	-
BRL currency forwards	314	(784)	-	-
EUR currency forwards	1,687	178	-	-
SEK currency forwards	(10,426)	(10,910)	-	-
SAR currency forwards	(181)	(239)	-	-
JPY currency forwards	859	(4,840)	-	-
AUD currency forwards	10,774	13,293	-	-
CAD currency forwards	5,711	5,845	-	-
NOK currency forwards	1,878	813	-	-
AED currency forwards	(2,202)	(2,150)	-	-
HKD currency forwards	987	1,067	-	-
TWD currency forwards	151	(475)	-	-
PLN currency forwards	213	(5,925)	-	-
RON currency forwards	3,313	2,528	-	-
DKK currency forwards	1,519	1,112	-	-
ILS currency forwards	381	639	-	-
Currency forwards in other currencies	586	563	(1)	(4)
Forward rate agreements	-	-	-	-
Value at end of period (*)	**17,813**	**3,504**	**(1)**	**(4)**

(*) Before considering the related tax effect.

The measurement of the cash flow hedging instruments net of the tax effect, which was posted with a debit/(credit) to the heading "Equity – Valuation adjustments - Hedges" in the accompanying condensed consolidated balance sheet at 30 June 2024 and 31 December 2023 was as follows:

	Thousands of Euros	
	30.06.24	31.12.23
Companies fully consolidated	1,372	(581)
Companies accounted using the equity method	19,972	19,381
S.E.M. Los Tranvías de Zaragoza, S.A.	*(2,882)*	*(3,042)*
Momentum Trains Holding Pty Ltd	*3,117*	*3,002*
LAVI Light Rail O&M Ltd.	*19,737*	*19,421*
Total	**21,344**	**18,800**

The hedging instruments expire in the same year in which the cash flows are expected to occur.

At 30 June 2024 and 31 December 2023, the associates S.E.M. Los Tranvías de Zaragoza, S.A. and Momentum Trains Holding Pty Ltd have different financial swaps related to the nominal amount of their financial debts designated as cash flow hedging instruments. Likewise, the associate LAVI Light Rail O&M Ltd has EUR/ILS exchange rate hedging instruments associated with commercial sales contracts recognised as cash flow hedges.

The detail of the periods of expiry of the foreign currency hedges is as follows:

Derivatives at 30/06/24	Figures in Thousands				
	Maturity (in currency)				Equivalent value in Euros
	2024	2025	2026 and subsequent years	Total	
Sales hedges-					
Fair value hedges					
USD currency forwards (*)	167,297	34,235	293,639	495,171	462,560
GBP currency forwards	112,616	56,619	178,767	348,002	411,166
EUR currency forwards	74,300	140,000	-	214,300	214,300
BRL currency forwards	66,544	-	-	66,544	11,295
SEK currency forwards	855,420	1,882,973	455,473	3,193,866	281,162
AUD currency forwards	60,366	258,126	333,943	652,435	405,768
TWD currency forwards	590,379	528,000	-	1,118,379	32,166
SAR currency forwards	30,960	-	-	30,960	7,696
MXN currency forwards	249,833	416,383	-	666,216	34,051
CAD currency forwards	156,959	8,542	1,251	166,752	113,669
NZD currency forwards	930	26,088	-	27,018	15,350
JPY currency forwards	7,364,020	26,506,529	2,724,376	36,594,925	212,836
HKD currency forwards	-	82,889	-	82,889	9,916
HUF currency forwards	3,546	-	-	3,546	9
ILS currency forwards	22,585	-	-	22,585	5,618
PLN currency forwards	6,301	250,000	-	256,301	59,480
RON currency forwards	377,404	113,515	-	490,919	98,632
AED currency forwards	52,247	572,959	-	625,206	158,821
NOK currency forwards	174,000	-	-	174,000	15,268
DKK currency forwards	145,499	117,338	-	262,836	35,244
					2,585,007
Sales hedges-					
Cash flow hedges					
HUF currency forwards	131,077	220,000	-	351,077	889
					889
Purchase hedges-					
Fair value hedges					
USD currency forwards	29,060	20,941	4,573	54,574	50,980
EUR currency forwards	19,607	-	-	19,607	19,607
MXN currency forwards	717,931	-	-	717,931	36,694
JPY currency forwards	1,527,534	2,778,798	308,760	4,615,092	26,841
GBP currency forwards	75,949	81,800	22,231	179,980	212,647
AUD currency forwards	43,962	-	27,951	71,913	44,725
NOK currency forwards	89,402	33,480	20,500	143,382	12,581
SEK currency forwards	15,066	78,646	-	93,712	8,250
TRY currency forwards	-	10,674	-	10,674	303
CHF currency forwards	111	-	-	111	116
HUF currency forwards	303,018	2,074,439	-	2,377,457	6,017
CAD currency forwards	9,394	14,966	-	24,360	16,606
ILS currency forwards	17,500	98,338	70,882	186,720	46,448
NZD currency forwards	17,447	-	-	17,447	9,913
PLN currency forwards	2,775	-	-	2,775	644
SAR currency forwards	35,000	-	-	35,000	8,700
					501,072

(*) Includes coverage of the net investment in Provetren, S.A. of C.V. for the amount of 141,070 thousand USD.

Derivatives as of 12/31/23	Figures in Thousands				
	Maturity (in currency)				Equivalent value in Euros
	2024	2025	2026 and subsequent years	Total	
Sales hedges-					
Fair value hedges					
USD currency forwards (*)	208,018	31,516	255,685	495,219	448,162
GBP currency forwards	180,735	39,788	121,767	342,290	393,867
EUR currency forwards	5,929	-	-	5,929	5,929
BRL currency forwards	56,664	-	-	56,664	10,568
SEK currency forwards	728,408	1,419,882	409,329	2,557,619	230,500
AUD currency forwards	584,988	134,629	12,160	731,777	449,964
SAR currency forwards	37,440	-	-	37,440	9,050
MXN currency forwards	478,802	199,368	-	678,170	36,221
CAD currency forwards	157,041	7,087	1,251	165,379	112,948
JPY currency forwards	10,660,386	13,543,061	1,362,188	25,565,635	163,543
HKD currency forwards	-	86,345	-	86,345	10,004
NOK currency forwards	108,000	-	-	108,000	9,608
TWD currency forwards	1,180,757	-	-	1,180,757	34,829
ILS currency forwards	35,467	-	-	35,467	8,868
AED currency forwards	71,720	571,159	-	642,879	158,458
PLN currency forwards	250,000	-	-	250,000	57,610
RON currency forwards	290,318	-	-	290,318	58,348
DKK currency forwards	145,499	-	-	145,499	19,522
NZD currency forwards	-	25,088	-	25,088	14,332
					2,232,331
Sales hedges-					
Cash flow hedges-					
HUF currency forwards	134,623	-	-	134,623	352
					352
Purchase hedges-					
Fair value hedges					
USD currency forwards	92,665	14,901	4,573	112,139	101,484
EUR currency forwards	4,748	-	-	4,748	4,748
MXN currency forwards	1,184,037	-	-	1,184,037	63,239
JPY currency forwards	2,949,532	3,797,900	-	6,747,432	43,163
GBP currency forwards	83,002	64,000	22,231	169,233	194,733
AUD currency forwards (Notes 9-a and 26)	73,617	-	-	73,617	45,266
NOK currency forwards	103,434	1,900	-	105,334	9,371
ILS currency forwards	-	98,338	-	98,338	24,589
HUF currency forwards	428,276	1,812,300	-	2,240,576	5,852
NZD currency forwards	17,447	-	-	17,447	9,967
SAR currency forwards	30,000	-	-	30,000	7,251
SEK currency forwards	88,035	9,000	-	97,035	8,745
TRY currency forwards	4,759	10,786	-	15,545	476
CHF currency forwards	111	-	-	111	120
PLN currency forwards	3,000	-	-	3,000	691
CAD currency forwards	10,394	14,966	-	25,360	17,320
				-	**537,015**

(*) Includes the partial hedge of the net investment in CAF USA, Inc. of USD 22,300 thousand and the hedge of the net investment in Provetren, S.A. de C.V. of USD 144,116 thousand, whose functional currency is the US dollar.

In the first half of 2024, the ineffective portion of the hedging transactions charged to profit or loss in the interim consolidated statement of profit or loss generated a loss of EUR 502 thousand (profit of EUR 1,343 thousand in the first semester of 2023), largely as a result of changes in the estimated amounts of the hedged items.

Following is a reconciliation of the remeasurement at each year-end to the carrying amounts recognised in the consolidated balance sheet (in thousands of euros):

	30.06.24	31.12.23
Non-current assets	6,445	21,995
Current assets	30,011	19,064
Non-current liabilities	(5,817)	(21,893)
Current liabilities	(12,827)	(15,666)
Balance sheet net total	**17,812**	**3,500**
Fair value	17,813	3,504
Cash flow	(1)	(4)
Total derivatives value	**17,812**	**3,500**

18.- SEGMENT INFORMATION

The criteria applied by the Group to define its operating segments are disclosed in Note 6 to the consolidated financial statements for the year ended 31 December 2023. There were no changes in the basis of segmentation used.

The detail of revenue, by geographical area, at 30 June 2024 and 2023 was as follows:

Revenue by Geographical Area	Thousands of Euros	
	30.06.24	30.06.23
Spain	235,789	259,413
Rest of Europe	1,156,058	1,164,198
Europe	1,391,847	1,423,611
America	277,774	188,256
APAC	237,584	164,247
Rest of the world	173,214	100,574
Total	**2,080,419**	**1,876,688**

The breakdown of sales, by product group and type of service provided, is as follows (in thousands of euros):

	30.06.24	30.06.23
High-speed, regional and commuter trains	557,294	463,840
Metros	149,763	158,775
Trams and light metros	189,893	228,266
Bogies and other	18,740	13,976
Trains	**915,690**	**864,857**
Services (*)	**313,655**	**281,760**
Integral Systems, Equipment and Others (**)	**417,543**	**281,898**
Buses (***)	**433,531**	**448,173**
Total	**2,080,419**	**1,876,688**

(*) Mainly includes all revenues from maintenance services and sales of railway spare parts.
(**) Mainly civil construction, signalling and engineering contract revenue.
(***) Includes, in addition to the bus sales, revenue from after-sales services related to this segment (maintenance and spare parts).

The reconciliation of ordinary income and profit (loss) by segment to ordinary income and consolidated profit/(loss) at 30 June 2024 and 2023 was as follows:

	Thousands of Euros			
	30.06.24			
	Rolling stock	Buses	Inter-segments	Total
External sales	1,646,888	433,531	-	2,080,419
Inter-segment sales	-	-	-	-
Total Revenue	**1,646,888**	**433,531**	**-**	**2,080,419**
EBITDA	**125,142**	**29,717**	**-**	**154,859**
Depreciation and amortisation charge, impairment and gains or losses on disposals of non-current assets	(41,052)	(12,216)	-	(53,268)
Profit/(Loss) from operations	**84,090**	**17,501**	**-**	**101,591**
Profit/(Loss) before tax	**74,387**	**4,840**	**-**	**79,227**
Corporation tax				(25,417)
Profit/(Loss) for the year from continuing operations				**53,810**

	Thousands of Euros			
	30.06.23			
	Rolling stock	Buses	Inter-segments	Total
External sales	1,428,515	448,173	-	1,876,688
Inter-segment sales	536	-	(536)	-
Total Revenue	**1,429,051**	**448,173**	**(536)**	**1,876,688**
EBITDA	**123,957**	**13,812**	**(7)**	**137,762**
Depreciation and amortisation charge, impairment and gains or losses on disposals of non-current assets	(40,417)	(12,744)	-	(53,161)
Profit/(Loss) from operations	**83,540**	**1,068**	**(7)**	**84,601**
Profit/(Loss) before tax	**73,526**	**(12,886)**	**(7)**	**60,633**
Corporation tax				(24,626)
Profit/(Loss) for the year from continuing operations				**36,007**

Segment information includes the Parent's corporate costs and finance costs allocated to each segment.

A description of the performance of the Group's segment income and profit/(loss) can be found in the Group's Consolidated Directors' Report.

19.- AVERAGE HEADCOUNT

The average headcount in the six-month periods ended 30 June 2024 and 2023 are as follows:

	Average headcount	
	30.06.24	30.06.23
Men	12,968	12,204
Women	2,700	2,446
Total	**15,668**	**14,650**

20.- TAX POSITION

The Group calculated the provision for income tax at 30 June 2024, in accordance with the applicable tax legislation. However, if the tax treatment were to differ from that provided for in current legislation as a result of tax reforms, such treatment would be applied immediately in the financial statements issued subsequent to the approval thereof.

In relation to the information known on the CAF Group's exposure to the taxes of the Pillar 2 legislation, the possibility, provided for by the regulation, of benefiting from a temporary suspension of its application in the periods 2024, 2025 and 2026 in those jurisdictions that comply with reasonable tax ratios established in the regulations (Safe Harbour exemption) has been analysed together with external advisors.

As a result of the analysis, it is foreseeable that all the jurisdictions of the CAF Group could benefit from this moratorium during these three years.

In relation to the tax assets recognised, the Group’s directors apply a recognition policy based on backlog projections.

21.- EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These interim condensed consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (Note 2-a). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.