

MANAGEMENT REPORT OF THE DIRECTOR

OF THE PORT AUTHORITY OF FERROL-SAN CIBRAO (APFSC)

M. JESÚS CASÁS LÓPEZ



We lead the organization's values and principles of sustainability and excellence in management, promoting them throughout the port community.

Our management focuses on achieving the four strategic pillars of the Port Authority of Ferrol-San Cibrao (APFSC), defined with the participation of our stakeholders:

- Growth and consolidation of competitive services and port developments.
- Optimization of infrastructure.
- Promotion of sustainable regional development.
- Operational excellence: Social, Economic, and Environmental.

We have integrated the United Nations Sustainable Development Goals (SDGs) as strategic axes. We provide an account of our contribution to them in our annual report.

Similarly, we aim to enhance the positive impacts of our activity on society.

GROWTH, CONSOLIDATION OF COMPETITIVE SERVICES AND PORT DEVELOPMENTS

We closed the year 2023 with a traffic of 8,451,918 tons, which represents a decrease of 28.44% compared to the previous year.

EVOLUTION OF FREIGHT TRAFFIC

(The maximum values of the historical series are highlighted in green)

Port	Merchandise Type	2.019	2.020	2.021	2.022	2.023	Variation tons	%
PORT OF FERROL	LIQUID BULK	2,059,127.70	2,657,510.73	2,859,994.18	3,733,413.59	3,542,346.46	191,067.13	-5.1%
	SOLID BULK	2,884,671.01	579,107.09	566,316.56	1,672,406.95	1,371,688.22	-300,718.73	-18.0%
	GENERAL CARGO	714,591.45	682,318.71	733,323.52	963,362.40	993,113.52	29,751.12	3.1%
Total Port of Ferrol		5,658,390.16	3,918,936.53	4,159,634.26	6,369,182.94	5,907,148.20	-462,034.74	-7.3%
PORT OF SAN CIBRAO	LIQUID BULK	252,772.23	278,648.67	312,240.33	224,031.84	99,259.35	-124,772.49	-55.7%
	SOLID BULK	5,210,358.95	5,792,372.92	5,427,883.16	5,184,063.01	2,429,155.29	-2,754,907.72	-53.1%
	GENERAL CARGO	48,046.37	30,760.69	43,718.49	14,550.61	1,713.60	-12,837.01	-88.2%
Total Port of San Cibrao		5,511,177.55	6,101,782.28	5,783,841.98	5,422,645.46	2,530,128.24	-2,892,517.22	-53.3%
Total Port Authority		11,169,567.71	10,020,718.81	9,943,476.23	11,791,828.41	8,437,276.43	-3,354,551.98	-28.4%

Table 1: Evolution of merchandise traffic (does not include inland traffic, supplies, or fishing)

The decrease in traffic at the Port of San Cibrao, due to the cessation of operations at the Alcoa plant (-2,892,517.22 tons), as well as the cessation of operations at the Endesa thermal power plant in As Pontes (-349,215 tons of coal) and the decrease in fuel oil movement from Forestal del Atlántico (-458,945.02 tons) at the Port of Ferrol, have been the drivers behind these results.

By group of merchandise, it is worth noting that in the past two years, we have reached the maximum values of the entire historical series for the Port of Ferrol, for both liquid bulk and general cargo traffic.

Regarding solid bulk, the loading of material extracted from the works of the railway access tunnel to the outer port (+142 thousand tons) has partially offset the decrease in coal traffic.



EVOLUTION OF LIQUID BULK TRAFFIC AT THE PORT OF FERROL.

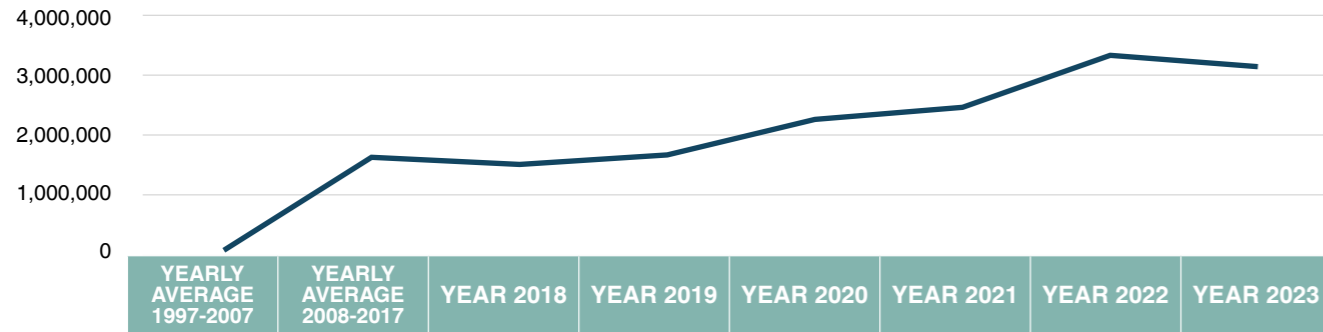


Image 1

EVOLUTION OF EMBARKED FOREIGN AND INTRA-COMMUNITY TRAFFIC IN THE APFSC.

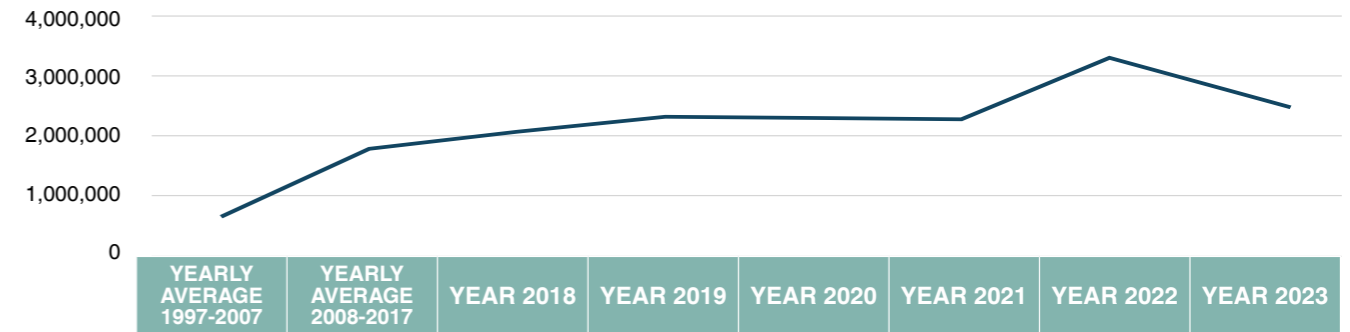


Image 4

EVOLUTION OF GENERAL CARGO TRAFFIC AT THE PORT OF FERROL.

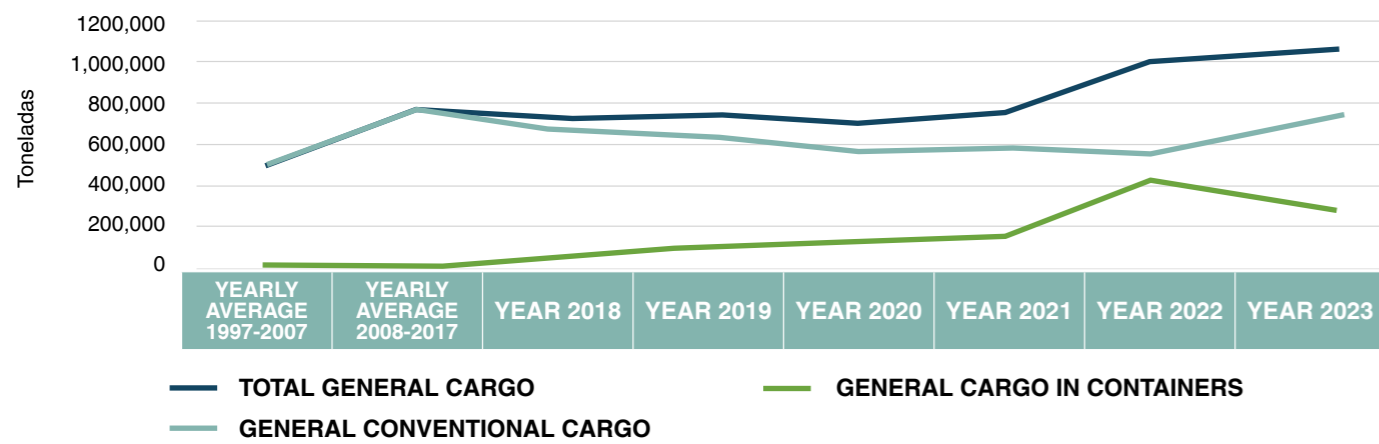


Image 2

As for the type of operations, we have evolved towards a higher volume of loaded merchandise and towards exports abroad.

EVOLUTION OF THE PERCENTAGE OF MERCHANDISE EMBARKED AND DISEMBARKED.

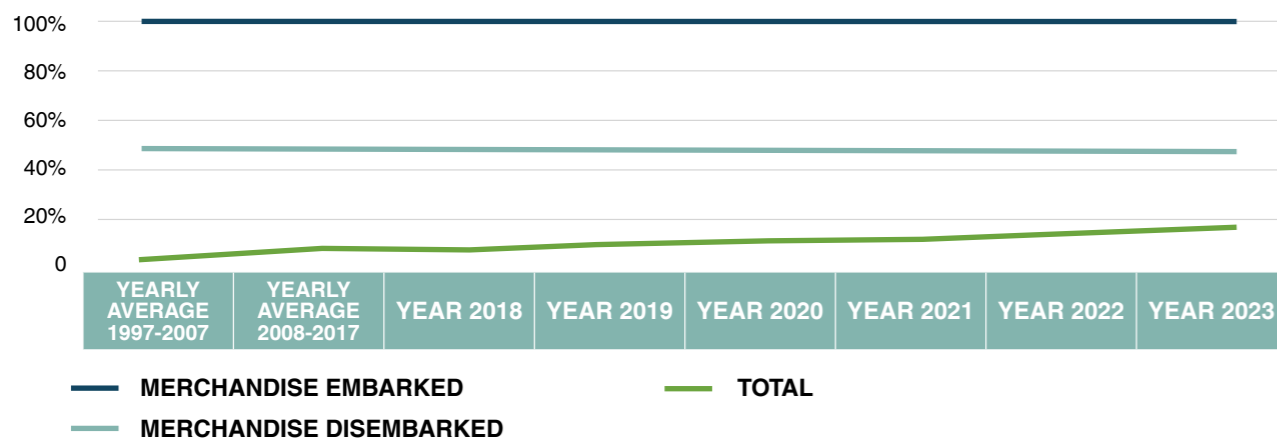


Image 3

OPTIMIZATION OF INFRASTRUCTURE

Our investment plan includes actions in all areas of our strategy:

STRATEGIC AXIS	PROJECT	TOTAL INVESTMENT THOUSAND EUROS	% OF TOTAL INVESTMENT
-GROWTH, CONSOLIDATION OF COMPETITIVE SERVICES AND PORT DEVELOPMENTS	Road and Railway Accessibility Measure	149,666	52.72%
	Port Infrastructure and Facilities	78,028	27.49%
-OPTIMIZATION OF INFRASTRUCTURE	Buildings and Warehouses	12,599	4.44%
	Facilities for passengers	9,326	3.29%
-BOOSTING SUSTAINABLE DEVELOPMENT IN THE REGION	Port-city integration	5,914	2.08%
	Accesibility	258	0.09%
	Security and Protection	4,534	1.60%
-OPERATIONAL EXCELLENCE: SOCIAL, ECONOMIC AND ENVIRONMENTAL	Environment and energy	22,294	7.85%
	Digitalization	150	0.05%
	Other investments	1,110	0.39%
	TOTAL	283,879.30	

Table 2: APFSC Investment Plan



In terms of railway actions, we have completed over 52% of the overall projects, which include the railway access to the Outer Port (58%), the internal network of the Outer Port (100%), the internal network of the Inner Port (0%), and the conditioning of the branch line from Ferrol station to the inner port and provision of a third rail (0%).

At the beginning of 2023, we commenced the construction of the viaduct connecting the tunnel exit to the facilities of the Inner Port.

Concessional and service provision agreements with private companies also commit the rest of the value logistics chain to invest efforts in improving the offer to our stakeholders.

STRATEGIC AXIS	PROJECT	TOTAL INVESTMENT THOUSAND EUROS	% SOBRE EL TOTAL DE INVERSIÓN
-GROWTH, CONSOLIDATION OF COMPETITIVE SERVICES AND PORT DEVELOPMENTS -OPTIMIZATION OF INFRASTRUCTURE	Other actions	126,330	58,35%
	Port Infrastructure and facilities	71,364	32,96%
-OPERATIONAL EXCELLENCE: SOCIAL, ECONOMIC AND ENVIRONMENTAL	Security and Protection	818	0,38%
	Environment and energy	17,869	8,25%
	Digitalization	109	0,05%
	TOTAL	216,490	

Table 3: External Investment Plan

PROMOTION OF SUSTAINABLE REGIONAL DEVELOPMENT

Following the approval of the sustainability strategy of the Port Authority of Ferrol-San Cibrao in May 2022, in 2023 we took significant steps to create a long-term structure to address the priority projects of our port, aiming to amplify our commitment to society in three areas:



INVESTMENT AND SOCIAL OPPORTUNITY



CLIMATE CHANGE



BEING A REFERENCE EMPLOYER

INVESTMENT AND SOCIAL OPPORTUNITY

While our port's relationship with the various social agents in our community has a history of over a century, given the historical impact of port activity on the economic and social development of our area of influence, in 2023 we took a qualitative leap by incorporating into our organization a high-level structure, under the presidency and management of our entity, and providing it with the necessary staff: the Presidency Area, Human Resources, and Corporate Communication.

We also implemented a transparent mechanism for social investments, through the approval and dissemination of the regulatory bases for sponsorships for port-city activities.

We continued the works for the Humanization of the circulation area for public use to access the Port of Ferrol, which includes the construction of two park-and-ride facilities in a highly frequented area by citizens, the expansion of sidewalks and provision of urban furniture, as well as the construction of a bike lane. This will further develop the leisure and recreational area of the Curuxeiras basin, connecting it with the pedestrian walkway parallel to the railway viaduct, allowing direct access to La Cabana, completing the circuit of walks executed by the Port Authority of Ferrol-San Cibrao in the Malata basin.

CLIMATE CHANGE

In 2022, we included three new strategic objectives in our Strategic Map: **Integration of risks and opportunities associated with climate change into infrastructure management - Adaptation of procedures to climate change - Efficiency and resource utilization.**

At the same time, we launched the Faro de la Energía Verde project, through which we have given substance to this strategy and formed alliances to provide our facilities with green energy, as well as to drive innovation projects forward.

In 2023, we incorporated an Energy Efficiency and Climate Change Department into our structure, which will drive a 5-year action plan to prepare the port facilities and operations for minimizing the impacts of climate change and to be ready for weather events resulting from such change.

BEING A REFERENCE EMPLOYER

This also constitutes a new strategic objective of our organization.

In 2023, we focused on 5 areas:

- The psychosocial assessment of job positions at the Port Authority of Ferrol-San Cibrao.
- Replacing the workforce lost in recent years due to employee retirements, and increasing the necessary job positions to address the increased workload in some departments with guarantees. In this regard, we have provided our staff with 9.6% new personnel.
- Streamlining internal promotion processes, which had been pending for some years, and successfully processing promotions for 11.5% of our staff.
- Approving the Equality Plan of the Port Authority of Ferrol-San Cibrao by the Equality Commission, following a comprehensive study of the current situation and consensus with the social representation of the entity.
- Implementing the Organizational Well-being Diagnosis, with the aim of formulating the corresponding plan to care for aspects such as the physical, material, mental, and emotional health of individuals. In this regard, we have organized "Talks with the Director" as a communication tool where the main issues of our management and future projects are explained firsthand, and the director directly answers questions posed by the staff. We also continue with the monthly bulletin "Te Contamos" (We Tell You), and attending top-level motivational talks.



OPERATIONAL EXCELLENCE: SOCIAL, ECONOMIC AND ENVIRONMENTAL

With respect to the results of the fiscal year, it is worth highlighting that the economic-financial management of the Port Authority of Ferrol-San Cibrao has allowed us to address the various crises that have affected the port logistics sector and supply chains in recent years.

EVOLUTION OF THE RESULTS OF THE APFSC.

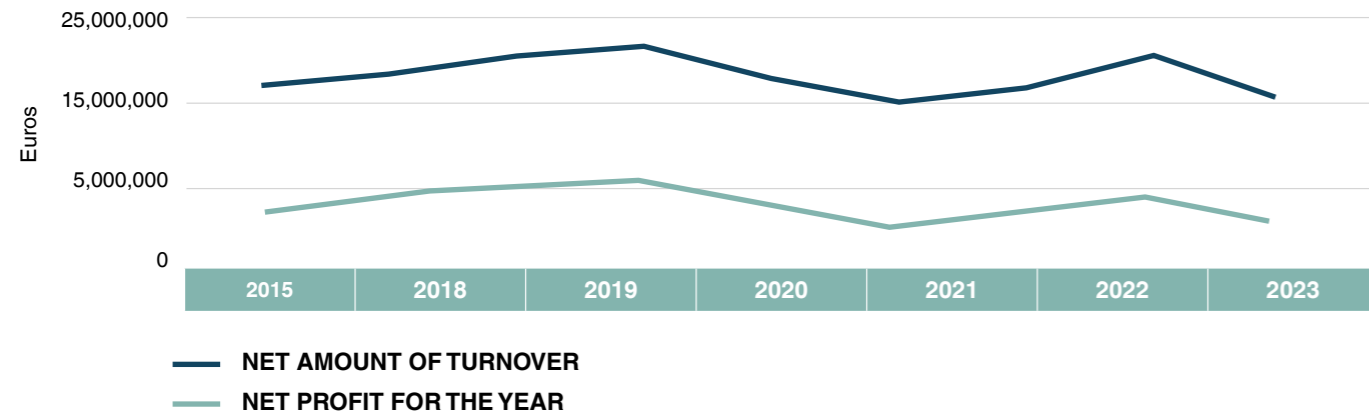


Image 5

On the revenue side of our operations, diversification of our activity and the acquisition of new business areas in the field of container traffic and green energy have allowed us to increase revenue per ton moved.

EVOLUTION OF NET TURNOVER AMOUNT PER TON.

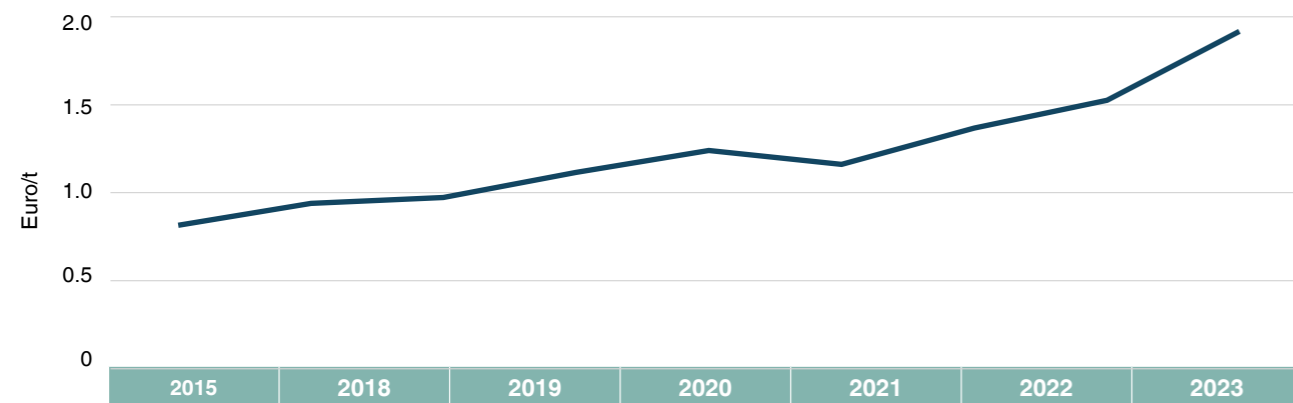


Image 6

In terms of the financial aspect, the acquisition of funds to address our projects allows us to increase the competitiveness of our facilities and services, in order to attract new lines of business.

We allocate around 10% of our costs to public goods, such as circulation routes, promenades, and historical heritage, located in the port's public domain area adjacent to public use. With a lean structure at 20%, the rest of the costs are allocated to improving the competitiveness of our product portfolio.

This way, we have managed to maintain positive economic profitability during a time of pandemic crisis, disruption in supply chains, profound changes in the energy sector with significant impact on our key clients, and considerable investment effort with the ongoing railway access works to the outer port.

