

**FCC Aqualia, S.A.**

**ANNUAL ACCOUNTS AND DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED**

**31 DECEMBER 2021**

Audit Report on Annual Accounts  
issued by an Independent Auditor

FCC Aqualia, S.A.  
Annual Accounts and Director' Report  
for the year ended  
December 31, 2021



## **AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR**

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of FCC Aqualia, S.A.:

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### **Opinion**

We have audited the financial statements of FCC Aqualia, S.A. (the Company), which comprise the balance sheet as at December 31, 2021, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

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### **Basis for opinion**

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those regulations are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

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## Most relevant audit issues

Most relevant audit issues are those matters that, in our professional judgment, were the most significant assessed risks of material misstatements in our audit of the financial statements of the current period. These risks were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these risks.

### *Recognition of unbilled accrued revenue from water supply contracts*

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**Description** One of the Company's main activities is the supply of water to its customers, the scheduled billing for this service is stipulated in each contract and based on readings of customer water consumption.

"Trade and other receivables" on the balance sheet as at 31 December 2021 includes 46.942 thousands of euros relating to unbilled revenue recognized as revenue from this service at the relevant reporting date.

Unbilled accrued revenue from supplied water is recognized and measured by estimating the volume of consumed water from the date of the last meter reading up to the reporting date, this requires that Company's Management make judgments and assumptions regarding these estimates.

Given the complexity of making the estimates to determine customer consumption referred to above, and due to the relevance of the amount unbilled recognized as revenue as at 31 December 2021, we determined this to be a most relevant audit issue.

The information related to the valuation policies and principal assumptions applied when determining the volumes of water consumed from the date of the last meter reading up to the reporting date, as well as disclosures related to the amounts pending to be billed, is provided in Notes 2.4, 4.10 and 10.1 of the accompanying financial statements.

### **Our response**

In relation to this matter, our audit procedures included:

- ▶ Understanding the process designed by Company's Management to recognise unbilled accrued revenue from water supply, assessing the design and implementation of the relevant controls in place in that process, and verifying the operating effectiveness of those controls in collaboration with our information system specialists.
- ▶ Selecting a sample of contracts obtained from reports quantifying completed work pending to be billed prepared by the service managers in charge of operations to evaluate the reasonableness of Company's Management assumptions in connection with these estimates.
- ▶ Assessing the reasonableness of the unbilled revenue amounts recorded for a selected sample of contracts, considering trends observed in comparable prior years.
- ▶ Reviewing the disclosures made in the notes to the financial statements in conformity with the applicable regulatory financial reporting framework.

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## Other questions

On March 26, 2021, other auditors issued their audit report on the 2020 financial statements, in which they expressed an unmodified opinion.

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## Other information: directors' report

Other information refers exclusively to the 2021 directors' report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility for the directors' report, in conformity with prevailing audit regulations in Spain, entails:

- a. Checking only that the non-financial statement has been provided as stipulated by applicable regulations and, if not, disclose this fact.
- b. Assessing and reporting on the consistency of the remaining information included in the directors' report with the financial statements, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the directors' report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the directors' report is consistent with that provided in the 2021 financial statements and its content and presentation are in conformity with applicable regulations.

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## Directors' responsibilities for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 2 to the accompanying financial statements, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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## Auditor's responsibilities for the audit of the financial statements

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

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

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

From the significant risks communicated with the Company's directors, we determine those that were of most significance in the audit of the financial statements of the current period and are therefore the most significant assessed risks.

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

ERNST & YOUNG, S.L.  
(Registered in the Official Register of  
Auditors under N° S0530)

(Signed on the original version in Spanish)

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Alfonso Balea López  
(Registered in the Official Register of  
Auditors under N° 20970)

March 10, 2022

## **ANNUAL ACCOUNTS**

- Financial Statements
  - Balance Sheet
  - Profit and loss account
  - Statement of Changes in Equity
  - Statement of Cash Flows
  
- Memory

## **MANAGEMENT REPORT**





FCC Aqualia, S.A.

**BALANCE SHEETS AS AT 31 DECEMBER 2021 AND 2020**

(Thousands of Euros)

ASSETS	Notes from the Memory	Exercise 2021	Exercise 2020
<b>NON-CURRENT ASSETS</b>		<b>1,910,392</b>	<b>1,881,670</b>
<b>Intangible assets</b>	<b>Note 5</b>	<b>491,076</b>	<b>460,905</b>
Development		14	1
Concessions		444,816	405,516
Concession agreements financial capitalization		12,851	13,715
Goodwill		33,106	41,381
Other intangible assets		289	292
<b>Tangible fixed assets</b>	<b>Note 6</b>	<b>53,069</b>	<b>44,647</b>
Land and buildings		1,870	1,951
Technical installations and other tangible fixed assets		51,049	42,442
Fixed assets under construction and advances		150	254
<b>Investments in group and associated companies long-term</b>		<b>1,254,225</b>	<b>1,258,640</b>
Equity instruments	<b>Note 7.1</b>	357,265	357,034
Loans to companies	<b>Note 7.2 and 8</b>	896,960	901,606
<b>Long-term financial investments</b>	<b>Note 8</b>	<b>96,140</b>	<b>97,722</b>
Equity instruments		10,167	10,400
Loans to third parties		62,946	65,583
Other financial assets	<b>Note 8.3</b>	23,027	21,739
<b>Deferred tax assets</b>	<b>Note 16</b>	<b>15,882</b>	<b>19,756</b>
<b>CURRENT ASSETS</b>		<b>830,162</b>	<b>604,699</b>
<b>Stocks</b>		<b>22,036</b>	<b>18,505</b>
Commercial		761	646
Raw materials and other supplies		12,078	11,259
Advances to suppliers		9,197	6,600
<b>Trade and other receivables</b>		<b>207,227</b>	<b>106,969</b>
Customers for sales and services	<b>Note 10.1</b>	124,982	27,203
Customers, group companies and associates	<b>Note 10.2</b>	49,740	46,683
Staff		182	171
Sundry debtors		5,299	5,548
Current tax assets	<b>Note 16</b>	274	-
Other receivables from general government	<b>Note 16</b>	26,750	27,364
<b>Short-term investments in group and associated companies</b>	<b>Note 9</b>	<b>83,066</b>	<b>81,797</b>
Loans to companies	<b>Note 9.1</b>	72,619	70,799
Other financial assets	<b>Note 8.3</b>	10,447	10,998
<b>Short-term financial investments</b>	<b>Note 9</b>	<b>23,901</b>	<b>22,124</b>
Loans to third parties	<b>Note 9.2</b>	10,015	14,675
Other financial assets	<b>Note 8.3</b>	13,886	7,449
<b>Short-term accruals</b>		<b>1,865</b>	<b>1,939</b>
<b>Cash and cash equivalents</b>	<b>Note 11</b>	<b>492,067</b>	<b>373,365</b>
Treasury		492,067	373,365
<b>TOTAL ASSETS</b>		<b>2,740,554</b>	<b>2,486,369</b>

The accompanying Notes 1 to 24 are an integral part of the Financial Statements for the year 2021.



FCC Aqualia, S.A.

**BALANCE SHEETS AS AT 31 DECEMBER 2021 AND 2020**

(Thousands of Euros)

EQUITY AND LIABILITIES	Notes from the Memory	Exercise 2021	Exercise 2020
<b>EQUITY</b>	<b>Note 12</b>	<b>603,975</b>	<b>591,525</b>
<b>SHAREHOLDERS EQUITY</b>		<b>596,233</b>	<b>583,236</b>
Capital		145,000	145,000
Capital		145,000	145,000
Share premium		79,481	79,481
Reservations		296,863	246,390
Legal and statutory		29,000	29,000
Other reservations		267,863	217,390
Result for the year		74,889	112,365
Adjustments for changes in value		4,978	5,211
<b>GRANTS, DONATIONS AND LEGACIES</b>	<b>Note 13</b>	<b>2,764</b>	<b>3,078</b>
Grants, donations and legacies received		2,764	3,078
<b>NON-CURRENT LIABILITIES</b>		<b>823,461</b>	<b>1,459,194</b>
<b>Long-term provisions</b>	<b>Note 14</b>	<b>123,905</b>	<b>61,596</b>
Long-term employee benefit obligations		129	-
Other provisions		123,776	61,596
<b>Long-term debts</b>	<b>Note 15</b>	<b>690,532</b>	<b>1,387,019</b>
Bonds and other marketable securities		647,924	1,346,429
Other financial liabilities		42,608	40,590
<b>Deferred tax liabilities</b>	<b>Note 16</b>	<b>5,445</b>	<b>6,815</b>
<b>Long-term accruals</b>	<b>Note 17</b>	<b>3,579</b>	<b>3,764</b>
<b>CURRENT LIABILITIES</b>		<b>1,313,118</b>	<b>435,650</b>
<b>Short-term provisions</b>	<b>Note 14</b>	<b>7,085</b>	<b>5,934</b>
<b>Short-term debts</b>	<b>Note 15</b>	<b>927,424</b>	<b>28,178</b>
Current bonds and debentures, third parties		699,625	-
Interest on bonds, debentures and other securities neg.		15,301	15,301
Amounts owed to credit institutions		200,450	-
Other financial liabilities		12,048	12,877
<b>Current payables to group companies and associates</b>	<b>Note 15.3</b>	<b>50,427</b>	<b>59,472</b>
<b>Trade and other payables</b>	<b>Note 15</b>	<b>324,856</b>	<b>337,556</b>
Suppliers		115,785	116,792
Suppliers, group companies and associates	<b>Note 15.4</b>	19,248	23,976
Sundry creditors		93,309	103,665
Staff		2,923	3,453
Current tax liabilities	<b>Note 16</b>	7,043	1,562
Other debts to public administrations	<b>Note 16</b>	73,719	73,157
Customer advances		12,829	14,951
<b>Short-term accruals</b>		<b>3,326</b>	<b>4,510</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,740,554</b>	<b>2,486,369</b>

The accompanying Notes 1 to 24 are an integral part of the Financial Statements for the year 2021.



**FCC Aqualia, S.A.**  
**PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2007**  
**ENDED 31 DECEMBER 2021 AND 2020**  
(Thousands of Euros)

	Notes from the Memory	Exercise 2021	Exercise 2020
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>	<b>Note 19.1</b>	<b>759,564</b>	<b>776,112</b>
Revenue		759,564	776,112
<b>Change in stocks of finished goods and work in progress</b>		<b>23</b>	<b>(6)</b>
<b>Work carried out by the company for its assets</b>		<b>1,448</b>	<b>1,219</b>
<b>Procurement</b>	<b>Note 19.3</b>	<b>(277,281)</b>	<b>(260,014)</b>
Consumption of goods		(90,377)	(88,339)
Consumption of raw materials and other consumables		(99,624)	(88,187)
Work carried out by other companies		(87,280)	(83,488)
<b>Other operating income</b>		<b>36,203</b>	<b>24,889</b>
Ancillary and other current revenues		12,886	14,556
Operating subsidies included in profit or loss for the year	<b>Note 13</b>	23,317	10,333
<b>Staff costs</b>		<b>(216,327)</b>	<b>(208,304)</b>
Wages, salaries and similar		(159,095)	(155,922)
Social charges	<b>Note 19.7</b>	(54,806)	(52,382)
Provisions		(2,426)	-
<b>Other operating expenses</b>		<b>(148,006)</b>	<b>(137,422)</b>
External services	<b>Note 19.4</b>	(136,040)	(126,725)
Tributes		(4,239)	(3,368)
Losses, impairment and changes in provisions for trading operations	<b>Note 19.11</b>	(4,591)	(4,382)
Other current administrative expenditure	<b>Note 19.12</b>	(3,136)	(2,947)
<b>Depreciation of fixed assets</b>	<b>Notes 5 and 6</b>	<b>(62,562)</b>	<b>(61,248)</b>
<b>Allocation of grants for non-financial fixed assets and others</b>	<b>Note 13</b>	<b>423</b>	<b>791</b>
<b>Excess provisions</b>		<b>4,456</b>	<b>2,257</b>
<b>Impairment and gains/losses on disposal of fixed assets</b>		<b>1,791</b>	<b>1,394</b>
Gains/losses on disposals and other		1,791	1,394
<b>OPERATING INCOME</b>		<b>99,732</b>	<b>139,668</b>
<b>Financial income</b>		<b>38,485</b>	<b>39,031</b>
Marketable securities and other financial instruments		38,485	39,031
- In group and associated companies	<b>Note 19.2</b>	34,631	35,144
- In third parties		3,854	3,887
<b>Financial expenses</b>	<b>Note 19.8</b>	<b>(32,581)</b>	<b>(31,471)</b>
Payable to group and associated companies	<b>Notes 15 and 19.2</b>	(248)	(338)
For debts owed to third parties	<b>Note 15</b>	(30,380)	(30,843)
For updating provisions		(1,953)	(290)
<b>Exchange rate differences</b>	<b>Note 19.9</b>	<b>1,317</b>	<b>(2,625)</b>
<b>Impairment and gain or loss on disposal of financial instruments</b>	<b>Note 19.10</b>	<b>(9,705)</b>	<b>(13,151)</b>
Impairments and losses		(9,705)	(13,151)
<b>FINANCIAL RESULT</b>		<b>(2,484)</b>	<b>(8,216)</b>
<b>PROFIT BEFORE TAX</b>		<b>97,248</b>	<b>131,452</b>
Profit tax	<b>Note 16</b>	(22,359)	(19,087)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>74,889</b>	<b>112,365</b>
<b>RESULT FOR THE YEAR</b>		<b>74,889</b>	<b>112,365</b>

The accompanying Notes 1 to 24 are an integral part of the Financial Statements for the year 2021.



**FCC Aqualia, S.A.**  
**RELATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020**  
**(thousands of euros)**

**A) STATEMENT OF RECOGNISED REVENUE AND EXPENDITURE FOR THE YEARS ENDED 31 DECEMBER 2021 and 2020**

	Note from the report	2020
<b>A) Profit and loss account result</b>		<b>112,365</b>
Income and expenses recognised directly in equity		
III. Grants, donations and legacies received	13	5
V. Tax effect		(1)
<b>B) Total income and expenses recognised directly in equity</b>		<b>4</b>
Transfers to the profit and loss account		
VI. For valuation of financial instruments		(742)
1. Financial assets at fair value		(742)
VIII. Grants, donations and legacies received	13	(791)
IX. Tax effect		197
<b>C) Total transfers to the profit and loss account</b>		<b>(1,336)</b>
<b>TOTAL RECOGNISED INCOME AND EXPENDITURE (A + B + C)</b>		<b>111,033</b>
	Note from the report	2021
<b>A) Profit and loss account result</b>		<b>74,889</b>
Income and expenses recognised directly in equity		
III. Grants, donations and legacies received	13	6
V. Tax effect		(1)
<b>B) Total income and expenses recognised directly in equity</b>		<b>5</b>
Transfers to the profit and loss account		
VI. For valuation of financial instruments		(233)
1. Financial assets at fair value		(233)
VIII. Grants, donations and legacies received	13	(423)
IX. Tax effect		104
<b>C) Total transfers to the profit and loss account</b>		<b>(552)</b>
<b>TOTAL RECOGNISED INCOME AND EXPENDITURE (A + B + C)</b>		<b>74,342</b>

The accompanying Notes 1 to 24 are an integral part of the Financial Statements for the year 2021.



**FCC Aqualia, S.A.**  
**RELATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDING 31 DECEMBER 2021 AND 2020**  
**(THOUSANDS OF EUROS)**

**(B) STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020**

	CAPITAL (Note 12)	ISSUANCE PREMIUM (Note 12)	RESERVES (Note 12)	PROFIT OF THE YEAR	SUM	VALUE ADJUSTME NTS	SUBSIDIES (Note 13)	TOTAL EQUITY
<b>BALANCE AT 31 DECEMBER 2019</b>	<b>145,000</b>	<b>79,481</b>	<b>163,153</b>	<b>80,883</b>	<b>468,517</b>	<b>5,953</b>	<b>3,668</b>	<b>478,138</b>
I. Total recognised income and expenditure	-	-	-	112,365	112,365	(742)	(590)	111,033
II. Transactions with partners or owners	-	-	1,153	-	1,153	-	-	1,153
(+) Increase in equity due to business combination	-	-	1,153	-	1,153	-	-	1,153
III. Implementation of the result	-	-	82,084	(80,883)	1,201	-	-	1,201
<b>BALANCE AT 31 DECEMBER 2020</b>	<b>145,000</b>	<b>79,481</b>	<b>246,390</b>	<b>112,365</b>	<b>583,236</b>	<b>5,211</b>	<b>3,078</b>	<b>591,525</b>
I. Total recognised income and expenditure	-	-	-	74,889	74,889	(233)	(314)	74,342
II. Transactions with partners or owners	-	-	-	-	(61,892)	-	-	(61,892)
(-) Dividend distribution	-	-	(60,000)	-	(60,000)	-	-	(60,000)
(+) Other changes in equity	-	-	(1,892)	-	(1,892)	-	-	(1,892)
III. Implementation of the result	-	-	112,365	(112,365)	-	-	-	-
<b>BALANCE AT 31 DECEMBER 2021</b>	<b>145,000</b>	<b>79,481</b>	<b>296,863</b>	<b>74,889</b>	<b>596,233</b>	<b>4,978</b>	<b>2,764</b>	<b>603,975</b>

The accompanying Notes 1 to 24 are an integral part of the Financial Statements for the year 2021.



**FCC Aqualia, S.A.**  
**STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020**

(THOUSANDS OF EUROS)

	Note from the report	2021	2020
<b>(A) CASH FLOWS FROM OPERATING ACTIVITIES OPERATING ACTIVITIES</b>			
<b>1. Profit for the year before tax</b>		<b>97,248</b>	<b>131,452</b>
<b>2. Adjustments to the result</b>		<b>38,458</b>	<b>(1,866)</b>
a) Depreciation of fixed assets (+)	5 y 6	62,561	61,248
b) Valuation adjustments for impairment (+/-)		8,129	14,635
c) Change in provisions (+/-)		(1,744)	1,145
d) Allowance of subsidies (-)	13	(423)	(791)
e) Gains/losses on disposal of fixed assets (+/-)		976	344
f) Financial income and dividends (-)		(62,305)	(112,128)
g) Financial charges (+)	19.8	32,581	31,471
h) Exchange rate differences (+/-)	19.9	(1,317)	2,625
i) Change in fair value of financial instruments(+/-)		-	(415)
<b>3. Changes in working capital</b>		<b>(128,277)</b>	<b>7,706</b>
a) Inventories, other receivables and current assets (+/-)		(106,373)	1,880
b) Other current assets (+/-)		49	(70)
c) Creditors and other accounts payable (+/-)		(20,072)	3,862
d) Other current liabilities (+/-)		(1,696)	2,220
e) Other non-current assets and liabilities (+/-)		(185)	(186)
<b>4. Other cash flows from operating activities</b>		<b>12,594</b>	<b>58,941</b>
a) Interest payments (-)		(28,058)	(27,621)
b) Dividend receipts (+)		24,472	68,456
c) Interest receipts (+)		35,778	41,653
d) Income tax receipts (payments) (+/-)		(19,598)	(21,071)
e) Other payments (receipts) (+/-)		-	(2,476)
<b>5. Cash flows from operating activities (+/--1+/-2+/-3+/-4)</b>		<b>20,023</b>	<b>196,233</b>
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES INVESTING ACTIVITIES</b>			
<b>6. Payments for investments (-)</b>		<b>(100,343)</b>	<b>(290,774)</b>
a) Group companies and associates		(31,100)	(126,709)
b) Intangible assets and tangible fixed assets		(38,311)	(29,133)
c) Other financial assets		(30,696)	(134,932)
(f) Other assets		(236)	-
<b>7. Divestment proceeds (+)</b>		<b>56,951</b>	<b>241,925</b>
a) Group companies and associates		30,771	95,694
b) Intangible assets and tangible fixed assets		207	77
(c) Other financial assets		25,973	145,492
d) Other assets		-	662
<b>8. Cash flows from investing activities (7-6)</b>		<b>(43,392)</b>	<b>(48,849)</b>
<b>(C) CASH FLOWS FROM FINANCING ACTIVITIES FINANCING ACTIVITIES</b>			
<b>9. Proceeds and payments for equity instruments</b>		<b>3,106</b>	<b>951</b>
a) Issuance of equity instruments (+)		-	1,200
e) Grants, donations and legacies received (+)		3,106	(249)
<b>10. Proceeds and payments for financial liability instruments</b>		<b>198,927</b>	<b>(57,432)</b>
(a) Issue		272,632	59,759
1. Bonds and other negotiable securities (+)		1,120	1,123
2. Amounts owed to credit institutions (+)		222,365	-
3. Payable to group and associated companies (+)		46,876	51,449
Other debts (+)		2,271	7,187
(b) Repayment and amortisation of		(73,705)	(117,191)
1) Amounts owed to credit institutions (-)		(22,364)	-
2) Payable to group and associated companies (-)		(50,438)	(115,521)
3) Other debts (-)		(903)	(1,670)
<b>11. Payments for dividends and remuneration of other equity instruments</b>		<b>(60,000)</b>	<b>-</b>
<b>12. Cash flows from financing activities (+/--9+/-10-11)</b>		<b>142,033</b>	<b>(56,481)</b>
<b>(D) EFFECT OF EXCHANGE RATE CHANGES</b>		<b>38</b>	<b>(138)</b>
<b>(E) NET INCREASE IN CASH OR CASH EQUIVALENTS. (+/--5+/-8+/-12+/-D)</b>		<b>118,702</b>	<b>90,765</b>
Cash or cash equivalents at beginning of year		373,365	282,600
Cash or cash equivalents at year end		492,067	373,365

The accompanying Notes 1 to 24 are an integral part of the Financial Statements for the year 2021.

## **FCC AQUALIA, S.A.**

### **Annual Report for the year ended 31 December 2021**

#### **NOTE 1. BUSINESS OF THE COMPANY**

FCC Aqualia, S.A. (hereinafter the Company or FCC Aqualia) is a company incorporated in Spain in accordance with the Spanish Companies Act. It was incorporated in 1980 under the name Seragua, S.A. In July 2002 it adopted the corporate name Aqualia Gestión Integral del Agua, S. A. and on 2 April 2014 the agreement to change the corporate name to FCC Aqualia, S.A. was made public.

The Company's corporate purpose is to carry out the following activities, both in Spain and in any other country:

- The provision and performance of sanitation and cleaning services of all kinds for the treatment, recovery, disposal and purification of solid or liquid waste, drinking water supply or industrial process water, urban or industrial waste water and all kinds of related works and ancillary equipment.
- The manufacture, purchase and sale, assembly, supply, representation and distribution of machinery, vehicles and mechanical and electrical equipment and all the main or accessory apparatus necessary for the treatment and purification of waste and water, as well as the execution of all kinds of civil works related to the aforementioned activities, exploiting and marketing patents, models, trademarks and licences.
- The construction, installation, operation, maintenance, management, repair, purchase, sale and development, for its own account or for the account of others, of all kinds of stations, plants and equipment for the treatment, recovery or elimination of waste, and water purification and of all those installations whose purpose is the treatment thereof.
- The purchase and sale of treated, purified or potabilised water or any other kind of water.
- The formulation, performance and advice of all kinds of reports, studies and projects, as well as the provision and execution of all kinds of services related to the activities described above.
- The performance of any task of collaboration inherent to the collection management of any of the Public Administrations, which does not involve the exercise of authority or the custody of public funds, which was awarded to him/her by such Administrations.
- Supply, piping and distribution of any type of fuel gases, as well as regasification, liquefaction and storage activities. Performance, execution and maintenance of all types of works, infrastructures and facilities related to the aforementioned activities.

- The execution and maintenance of all types of civil and building works and facilities of any kind, both public and private and on its own account and on behalf of third parties, including the operation of sports facilities, swimming pools, sports centres and leisure and recreation centres in general.
- Management of the complete water cycle; collection, transport, treatment and distribution of water, technical, administrative and computer work for customer management, meter reading, invoicing, bill collection management services, conservation and maintenance of water and sewerage networks, conservation and integral maintenance of water treatment plants, detection of leaks in networks, sanitisation, disinfection, disinsectisation and rat extermination, in buildings, premises, mountains and gardens, sewerage, water networks and water treatment plants, maintenance and repair of electrical and electronic equipment and installations, maintenance and repair of electrical and electronic equipment and installations, maintenance and repair of electrical and electronic equipment and installations, disinsectisation and rat extermination in buildings, premises, forests and gardens, sewerage, water networks and sewage treatment plants, maintenance and repair of electrical and electronic equipment and installations, maintenance and repair of plumbing equipment and installations, water and gas pipes, treatment and incineration of waste, sludge and urban waste and cleaning services in general.
- The performance of any activity related to the analysis and control of water, drinking and waste water in the Company's laboratories and facilities.

The Company may carry on all the aforementioned activities, either on its own or by participating in other companies, whether domestic or foreign, with the same or a similar object. Such participation shall include the subscription, purchase or acquisition, by any legally valid means, of commercial securities conferring an interest in the share capital or profits of such companies, as well as any form of association between companies. All activities for the exercise of which the law imposes special requirements that are not fulfilled by this company are excluded.

During 2018, Fomento de Construcciones y Contratas, S.A., until then the sole shareholder of FCC Aqualia, S.A., sold 49% of its share capital to Global Infraco Spain, S.L.U., owned by the investment fund IFM Global Infrastructure Fund, sold 49% of its share capital to Global Infraco Spain, S.L.U., owned by the investment fund IFM Global Infrastructure Fund, with the FCC Group retaining the majority of the voting rights at the General Shareholders' Meeting and on the Board of Directors, and therefore control of FCC Aqualia, S.A. The FCC Group also incorporated two companies (FCC TOPCO, S.a.r.l and its subsidiary FCC MIDCO, S.A. ), to which it has contributed 10% of the shares held by the FCC Group in FCC Aqualia, S.A., which are pledged as security for certain obligations assumed by FCC vis-à-vis IFM under the shareholders' agreement signed by the latter in relation to its investee FCC Aqualia, S.A.



a) The Temporary Joint Ventures in which FCC Aqualia participates carry out the same activity and are detailed below:

TITLE	PARTICIPATING PARTNERS	TAX AND LEGAL DOMICILE	% SHARE	OPERATIVE FUND (thousands of euros)
UTE Abastecimiento Picadas Almuquera Supply Joint Venture	FCC Aqualia, S.A. - Barahona Obras Y Serv. S.L	C/ Federico Salmón, 13. Madrid	95%	-
UTE Agua Santo Domingo	FCC Aqualia, S.A. - Agua Energía and MSI SL	C/ San Pedro, 3. Nájera (La Rioja)	70%	-
UTE Aguas de Alcalá	FCC Aqualia, S.A. - Canal de Isabel II.	C/ Federico Salmón, 13. Madrid	50%	3
UTE Aguas del Doramás	FCC Aqualia, S.A. - Eicoh Explot. S.L. - E. Maspalomas, S.A.	C/ Bentago Semidán, 2. Gáldar (Gran Canaria)	50%	3
Aigües els Poblets UTE	FCC Aqualia, S.A.	C/ Federico Salmón, 13. Madrid	100%	-
UTE Alcantarillado Alcoy	FCC Aqualia, S.A. - FCC Medio Ambiente S.A.	C/Balmes, 36. Barcelona	50%	8
UTE Alcantarillado Burgos	FCC Aqualia, S.A. - FCC, S.A.	C/ Fernando Dancausa S/N. Poligono industrial Gamonal-Villimar. Burgos	40%	-
UTE Alcantarillado Madrid Lot D	FCC Aqualia, S.A.	Camino Hormigueras 131.	99,99%	-
UTE Alkhorayef	FCC Aqualia, S.A. - Alkhorayef Water & Power	Al Riyadh C Al Yarmook C. Riyadh. Saudi Arabia.	51%	-
UTE Expansion Idam Melilla	FCC Aqualia, S.A. - Arpo empresa constr.	Carretera de Aguadú S/N Melilla	50%	8
UTE Oviedo	FCC Aqualia, S.A. - Soc. Española de Aguas Filtradas, S.A.	Plaza América, 10. Oviedo (Asturias)	95%	6
Aqualia Riofabar Piloña Joint Venture	FCC Aqualia, S.A.	C/ Muñoz Degrain, 4-6. Oviedo (Asturias)	100%	6
UTE Badajoz East Zone	FCC Aqualia, S.A. - Sistema Automatismo Control, S.A.U.	C/ Rasero, 11. Zafra (Badajoz)	50 %	3
UTE Badajoz Zona Oeste	FCC Aqualia, S.A. - Sistema Automatismo Control, S.A.U.	Avda. Martinez Barrio, 4. Sevilla	50 %	3
UTE Bombeo Zona Sur	FCC Aqualia, S.A. - FCC, S.A.	Camino Hormigueras 131.	99%	-
UTE C.H. Talave	FCC Aqualia, S.A. - Soc. Española de Aguas Filtradas, S.A.	C/Balmes, 36. Barcelona	50%	3
UTE C.H. Talave II	FCC Aqualia, S.A. - Matinsa	Nelva, plta. 7 Torre A Murcia	80%	5
UTE Cruz Street	FCC Aqualia, S.A. - Const. Y O.P. Luis Vazquez e Hijos S.L.	Avda. General Luxán 2. Castuera. (Badajoz)	80%	-
UTE Cangas	FCC Aqualia, S.A. - FCC, S.A.	C/ Cantabria, s/n. Vigo (Pontevedra)	99,99%	6
Granadilla de Abona Sports Centre UTE	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	99%	-
UTE Consorcio Louro	FCC Aqualia, S.A. - Civis Global, S.L.	C/Puerto Rico, 18-20. Vigo (Pontevedra)	99%	6
UTE Consorcio PTAR Arraján	FCC Aqualia, S.A. - Aqualia Intech, S.A.	C/ Nicanor Obarrio 50, Edificio Torre Global Bank. Panama	50%	-
UTE Costa Tropical	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Nueva, 4. Motril (Granada)	51%	-
Ute Costa Tropical II	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Nueva, 4. Motril (Granada)	51%	-
Ute Costa Tropical III	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Nueva, 4. Motril (Granada)	51%	-
UTE Denia	FCC Aqualia, S.A.	C/ José Luis Goyoaga, 36 Erandio (Vizcaya)	100%	6
Aqualia Inima Joint Venture (Western Almeria Wastewater Treatment)	FCC Aqualia, S.A. - Inima, S.A.	C/ Rrez. de Arellano, 15 Madrid	75%	7
UTE Depuradoras Lot 1	FCC Aqualia, S.A. - Barahona Obras y Servicios, S.L.	C/ Federico Salmón, 13. Madrid	95%	-
UTE EDAM Bajo Almanzora	FCC Aqualia, S.A. - Aqualia Intech, S.A. - FCC Construcción, S.A.- BEFESA	C/ Ulises, 18. Madrid	10%	1
UTE EDAM Santa Eulalia	FCC Aqualia, S.A. - Aqualia Intech, S.A.	C/ Gral. Ramirez de Madrid, 8. Madrid.	99%	3
UTE EDAR A Guarda 2013	FCC Aqualia, S.A. - Depuración, Mantenimiento e Instalaciones, S.L.	C/Puerto Rico, 18-20. Vigo (Pontevedra)	50%	3
UTE EDAR Albuñol	FCC Aqualia, S.A. - FCC Construcción, S.A.	C/Hilera, 10. Albuñol. Granada.	50%	3
UTE EDAR Cuerva	FCC Aqualia, S.A. - FCC, S.A.	C/ Cardenal Marcelo Spínola, 42 Madrid	95%	6
UTE EDAR La Ranilla	FCC Aqualia, S.A. - Aqualia Intech, S.A.	C/Balmes, 36. Barcelona	75%	9

TITLE	PARTICIPATING PARTNERS	TAX AND LEGAL DOMICILE	% SHARE	OPERATIVE FUND (thousands of euros)
UTE EDAR Reinos	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	99%	-
UTE WWTP San Vicente de la Barquera	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	99%	-
UTE EDAR Tablada	FCC Aqualia, S.A. - Magenta, S.A.U.	Avda. Americo Vespucio, 5. Sevilla	50%	6
UTE EDAR Valdepeñas	FCC Aqualia, S.A. - Aqualia Intech, S.A. - FCC Construcción, S.A.	C/ Ulises, 18. Madrid	50%	3
UTE Estaciones Perales	FCC Aqualia, S.A. - Aqualia Intech, S.A.	Camino Hormigueras 131.	80%	-
UTE ETAPS East	FCC Aqualia, S.A.	Pº Campo Volantín, 24-5-3 Bilbao	100%	4
UTE Exploitation ITAM Tordera	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Berlín, 38-48. Barcelona	50%	3
UTE Fuentes de Cádiz	FCC Aqualia - FCC S.A.- FCC M.A.	Ana de Viya 3, Cádiz	50%	8
Galindo - Beurko joint venture	FCC Construcción, S.A. - Bycam Serv.Edif.e Ingfraestr. S.A. - FCC Aqualia, S.A.	C/ Rodríguez Arias 23-3º. Bilbao	10%	1
UTE Gestión Cangas	FCC Aqualia, S.A. - Civis Global, S.L.	C/ Puerto Rico, 18-20. Vigo (Pontevedra)	70%	4
UTE Groupement Solidaire Jerba	FCC Aqualia, S.A. - Aqualia Intech, S.A. - Inima	C/ Federico Salmón, 13. Madrid	20%	1
Guadiana Pueblonuevo Joint Venture	FCC Aqualia, S.A. -OPS INFR Y SERV HIDR	Pza. de España 13, Badajoz	51%	-
UTE HIDC-HIDR-INV. do centr. ACE	FCC Aqualia, S.A. - Lena Ambiente-Gestao de Residuos, S.A.	Urb. Dos Plátanos-lote 2D-loja B Fregueria de Alferrade - Concelho de Abrantes. Portugal.	50%	-
UTE Ibiza	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Berlín, 38-48. Barcelona	50%	2
UTE Idam Janubio	FCC Aqualia, S.A. - Aqualia Intech, S.A.	C/Hermano Pedro, 15. Adeje. (Santa Cruz de Tenerife)	99%	-
UTE IDAM Sant Antoni	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Berlín, 38-48. Barcelona	50%	5
UTE IDAM Sant Antoni II	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Berlín, 38-48. Barcelona	50%	5
Ute IDAM Santa Eulalia	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Nápoles S/N. Santa Eulalia. I. Balearic Islands.	50%	3
Ute IDAM Santa Eulalia II	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Nápoles S/N. Santa Eulalia. I. Balearic Islands.	50%	3
Ute IDAM Santa Eulalia III	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Nápoles S/N. Santa Eulalia. I. Balearic Islands.	50%	3
Aqualia Infilco joint venture	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Rrez. de Arellano, 15 Madrid.	50%	3
UTE Louro	FCC Aqualia, S.A. - Movex Vial, S.L.	C/ Puerto Rico, 18-20. Vigo (Pontevedra)	65%	4
Mancomunidad de Órbigo Joint Venture	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	99%	-
UTE Improvements San Isidro Park	FCC Aqualia, S.A. - FCC Medio Ambiente S.A.	Camino de Hormigueras, 161. Madrid	1%	0,06
UTE Nigrán	FCC Aqualia, S.A. - FCC, S.A.	C/ Doctor Esquerdo, 59.	99%	6
UTE Obra Edar Argamasilla De Calatrava	FCC Aqualia, S.A. - Barahona Obras Y Serv. S.L	C/ Federico Salmón, 13. Madrid	70%	-
El Endrinal Wastewater Treatment Works Joint Venture	FCC Aqualia, S.A. - FCC Construcción, S.A.	Av. Camino de Santiago 40, Madrid	33,33%	-
UTE OYM Cap Djinet	FCC Aqualia, S.A. - Inima, S.A.	C/ Ulises, 18. Madrid	50%	3
UTE OYM Mostaganem	FCC Aqualia, S.A. - Inima, S.A.	C/ Gobelas, 35-37. Madrid	50%	3
UTE Peripheral Lot 3	FCC Aqualia, S.A. - FCC, S.A.	Camino Hormigueras 131.	50%	-
UTE Puebla Reina	FCC Aqualia, S.A. - Magenta, S.A.U.	Avda. Americo Vespucio, 5. Sevilla	65%	4
UTE Recirculación la Gavia	FCC Aqualia, S.A. - Aqualia Intech, S.A.	Camino Hormigueras 131.	50%	-
UTE Networks CABB	FCC Aqualia, S.A.	Pº Campo Volantín, 24-5-3 Bilbao	100%	4
UTE Redondela	FCC Aqualia, S.A. - FCC, S.A.	C/ Doctor Esquerdo, 59.	99,99%	6
UTE Reparaciones Lot 9	FCC Aqualia, S.A.	Camino Hormigueras 131.	100%	-
UTE Saneamiento EMASA	FCC Aqualia, S.A. - FCC Medio Ambiente S.A.	C/Cortes de la Frontera. Málaga	50 %	3
UTE Santomera	FCC Aqualia, S.A. - FCC, S.A.	C/ Doctor Esquerdo, 59.	99,99%	6
UTE Vigo	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	99,99%	28.978
UTE Sevilla Territorial Areas	FCC Aqualia, S.A. - FCC Medio Ambiente S.A.	C/ Gramil, 27. Sevilla	50%	3
UTE Sollanoko Ura	FCC Aqualia, S.A. - Iragaz Watin, S.A.	C/ Gregorio de Revilla, 27. Bilbao	100%	3
UTE Sollano Zalla	FCC Aqualia, S.A. - Ansareo Servicios Integrales	Pº Campo Volantín, 24. Bilbao	50%	-
UTE TSE Riyadh	FCC Aqualia, S.A. - Alkhorayef Water & Power	Al Riyadh - Assahafah - Al Imam Saud Bin Faisal Road. Riyadh. Saudi Arabia	51%	-

TITLE	PARTICIPATING PARTNERS	TAX AND LEGAL DOMICILE	% SHARE	OPERATIVE FUND (thousands of euros)
UTE Ussa A 17	FCC Aqualia, S.A. - Iragaz Watin, S.A.	Pº Campo Volantín, 24-5-3 Bilbao	100%	4
UTE Vigo Swimming Pools	FCC Aqualia, S.A. - Idonea Cys, S.L.	C/ Puerto Rico, 18-20. Vigo (Pontevedra)	50%	3
UTE Zafra	FCC Aqualia, S.A. - Magenta, S.A.U.	Avda. Americo Vespucio, 5. Sevilla	65%	2

b) The Company also participates in Economic Interest Groupings (EIGs), details of which are set out below:

- A.I.E. ITAM Delta de la Tordera. Its object has been the construction and operation of a desalination plant in Gerona until its dissolution in 29 December 2020. Its most relevant data are:

Address: Travesía de Gracia, 58. Barcelona.  
 Participants: FCC Aqualia, S.A. 49,9 %  
 FCC Construcción, S.A. 0,1%  
 Aqualia Intech, S.A. 0,1%  
 Acciona Agua, S.A. 49,9 %

- A.I.E. Gestión de Servicios Hidráulicos de Ciudad Real. It participates in the share capital of the company that supplies drinking water to several municipalities in the province of Ciudad Real. Its most relevant data are:

Address: C/ Ramirez de Arellano, 15. Madrid.  
 Participants: FCC Aqualia, S.A. 75,00 %  
 Acciona Agua, S.A. 25,00 %

- A.I.E. Costa Tropical de Granada. Its main activity is the construction and operation of drinking water treatment and purification facilities, as well as the supply of drinking water to the municipalities that make up the Mancomunidad de la Costa Tropical de Granada.

Address: Plaza de la Aurora, s/n. Motril (Granada).  
 Participants: FCC Aqualia, S.A. 51,00 %  
 Acciona Agua, S.A. 49,00 %

- A.I.E. SOREA - Aqualia (formerly A.I.E. Aquagest Medioambiente, S.A. - Aqualia). Its activity is the participation in the shareholding of Empresa mixta de la Costa Brava, S.A.

Address: Condado de Jaruco, s/n. Lloret de Mar (Girona)  
 Participants: Aquagest Medioambiente, S.A. 62,50 %  
 FCC Aqualia, S.A. 37,50 %

- A.I.E. Costa Brava Abastament Aqualia - Sorea. Incorporated on 14 October 2009, it has a stake in the share capital of a company that manages upstream water services in the territory of the Costa Brava Consortium.

Address: C/ Sector Carlit, s/n. Castelló d'Empuries (Gerona)  
 Participants: FCC Aqualia, S.A. 50,00 %  
 Sorea, S.A. 50,00 %

c) FCC Aqualia also has interests in companies whose corporate purpose and activities are similar to its own. Details of Group companies and associates are provided in Note7 .

The Company voluntarily prepares consolidated financial statements and management report as the parent company of the group of subsidiaries listed in these notes to the consolidated financial statements in accordance with the provisions of article 42.6 of the Spanish Commercial Code. It does so despite being exempt from the obligation to do so in accordance with the applicable legislation, articles 43 of the Commercial Code and 7 of the Rules for the Preparation of Consolidated Financial Statements of Royal Decree 1159/2010 of 17 September, as it is a subsidiary of the FCC Group whose parent company is Fomento de Construcciones y Contratas, S.A. with registered office at c/ Balmes, 36, Barcelona 08007, Spain and whose shares are admitted to official trading on the four Spanish Stock Exchanges (Madrid, Barcelona, Bilbao and Valencia). The annual accounts and consolidated management report of Fomento de Construcciones y Contratas, S.A. are filed with the Mercantile Registry of Barcelona.

The consolidated annual accounts of the Company have been prepared in accordance with the International Financial Reporting Standards (EU-IFRS) established by Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, as well as all the provisions and interpretations implementing it. The consolidated annual accounts of the Company for the financial year 2021 have been prepared by the Directors and will also be submitted for approval by the General Meeting of Shareholders, and it is expected that they will be approved without any changes.

The consolidated annual accounts of the Company prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union show a volume of assets of 3,702,984 thousand of euros (3,443,486 thousand of euros at 31 December 2020) and equity attributable to shareholders of the Company of 660,045 thousand of euros (594,229 thousand of euros at 31 December 2020). In addition, consolidated sales and attributable profit amounted to 1,169,450 thousand of Euros and 115,087 thousand of Euros, respectively (1,188,348 thousand of Euros 109,664 at 31 December 2020).

## **NOTE 2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS**

### **2.1. Regulatory framework for financial reporting applicable to the Company**

These financial statements have been prepared by the Directors in accordance with the regulatory financial reporting framework applicable to the Company, which is set out in:

- The Commercial Code and other commercial legislation.
- The General Accounting Plan approved by Royal Decree 1514/ 2007 and modified by Royal Decree 602/2016 and its sectorial adaptations and in particular the sectorial adaptation of the general accounting plan to public infrastructure concessionary companies approved by Order EHA/3362/2010.

In particular, it should be noted that as a result of the publication in 2009 by the ICAC of a consultation regarding the accounting representation of the income of holding companies, the headings "Income from investments in Group and associated companies" in the accompanying income statement have been classified as "Revenue".

In addition, on 30 January 2021, Royal Decree 1/2021 of 12 January was published, amending the Spanish National Chart of Accounts approved by Royal Decree 1514/2007 of 16 November. The changes to the Spanish National Chart of Accounts are applicable to financial years beginning on or after 1 January 2021 and focus mainly on the recognition, measurement and disclosure criteria for income and

financial instruments. The changes have not had a significant effect on these annual accounts and have led to a change in the denomination of the categories of financial assets and liabilities (notes 8, 9 and 15) and the recording of an amount of 1,892 thousand of Euros against Reserves for the first application of the Standard on one of the loans granted by the Company whose recovery period exceeds the concession period on the basis of the estimates made for annual royalties.

- The mandatory rules approved by the Instituto de Contabilidad y Auditoría de Cuentas (Accounting and Auditing Institute) in development of the General Accounting Plan and its complementary rules.
- All other applicable Spanish accounting legislation.

## **2.2. True and fair view**

The annual accounts have been obtained from the Company's accounting records and are presented in accordance with the applicable financial reporting framework and, in particular, the accounting principles and criteria contained therein, so that they give a true and fair view of the Company's net worth, financial position, results of operations and cash flows for the year.

These financial statements omit information or disclosures which, although not requiring detail due to their qualitative importance, are considered immaterial or immaterial in accordance with the concept of materiality or materiality as defined in the conceptual framework of PGC 2007.

These annual accounts, which have been prepared by the Company's directors, will be submitted for approval by the shareholders at the Annual General Meeting, and it is expected that they will be approved without any changes. The annual accounts for financial year 2020 were approved by the General Meeting of Shareholders held on 29 March 2021.

The balance sheets, income statements and cash flow statements of the joint ventures in which the Company has interests have been proportionately consolidated according to the percentage of ownership in each joint venture.

Temporary joint ventures have been consolidated after the time and value homogenisation, the necessary reconciliations and reclassifications, as well as the appropriate eliminations of asset and liability balances and reciprocal income and expenses. Where material, the related amounts have been disclosed in the notes to these financial statements.

In addition, the Company includes in its annual accounts the results of the Economic Interest Groupings in which it participates, under the sub-account "Income from equity investments" under the heading "Revenue" in the accompanying income statement (see note 19.1).

## **2.3. Non-mandatory accounting principles applied**

No non-mandatory accounting principles have been applied. In addition, the directors have prepared these financial statements taking into account all the mandatory accounting principles and standards that have a material effect on these financial statements, i.e. there are no accounting principles that, although mandatory, are no longer applied.

## **2.4. Critical aspects of assessment**

The accompanying financial statements have been prepared on the basis of estimates made by the Company's directors based on historical experience and other factors that are believed to be reasonable under current circumstances and which form the basis for measuring certain of the assets, liabilities, income, expenses and commitments reported herein. The Company reviews its estimates on an ongoing basis. Basically, these estimates relate to:

- The assessment of possible impairment losses on certain assets (see Notes 5, 6, 7, 8, 9 and 10).
- The useful life of property, plant and equipment and intangible assets (see Notes 5 and 6).
- The calculation of certain provisions (see Note 14).
- The recognition and recoverability of deferred tax assets (see Note 16).
- The estimate of exchange rate, interest rate, solvency and liquidity risk (see Note 23).
- The Company's tax results which will be declared to the tax authorities in the future and which have served as the basis for the recording of the various IS-related balances in these annual accounts (see Note 16).
- The progress of construction activities (see Note 4.10).
- Estimated consumption of cubic metres supplied to subscribers between the dates of the last meter reading and the accounting closing date (see Note 4.10).
- The fair value of certain financial assets including group companies (see Note 4.5.1).

Although these estimates have been made on the basis of the best information available at year-end 2021, future events may make it necessary to revise these estimates in the coming years, if necessary prospectively.

## **2.5. Comparison of information**

The annual accounts present for comparative purposes, with each of the items in the balance sheet, profit and loss account, statement of changes in equity, cash flow statement and notes to the financial statements, in addition to the figures for the financial year 2021, the figures for the previous financial year, which formed part of the annual accounts for the financial year 2020.

The application of accounting principles in FY2021 and FY2020 has been uniform, and therefore there are no transactions or operations that have been recorded following different accounting principles that could give rise to discrepancies in the interpretation of the comparative figures for the two periods.

## **2.6. Grouping of items**

Certain items in the balance sheet, income statement, statement of changes in equity and cash flow statement are grouped together for ease of understanding, although, to the extent material, the information is disclosed in the relevant notes to the financial statements.

## **2.7. Error corrections**

In preparing these annual accounts, no material errors have been detected which would have led to the

restatement of the amounts included for financial year 2020.

## **2.8. Business combinations**

*Year 2020*

On 4 June 2020, the Boards of Directors of FCC Aqualia, S.A. and Agua y Gestión del Ciclo Integral, S.L. approved the merger by absorption of the latter, as the company absorbed by the former. Prior to this transaction, the Company directly controlled 100% of the shares of Agua y Gestión del Ciclo Integral S.L., an entity engaged in the management of the integral water cycle in the regions of Andalusia, Extremadura and Castilla - La Mancha (Spain).

The merger by absorption was registered at the Mercantile Registry on 19 January 2021, and entailed the dissolution without liquidation of the absorbed company, as from that date, and thus the transfer en bloc of the assets of Agua y Gestión del Ciclo Integral S.L. to FCC Aqualia, S.A., with the Company being subrogated to all the rights and obligations of the absorbed company.

As this is a merger between group companies, the date from which the operations of the absorbed company must be considered for accounting purposes by the absorbing company is 1 January 2020. Given that this is a merger between the parent company (FCC Aqualia, S.A.) and its subsidiary (Agua y Gestión del Ciclo Integral, S.L.), the assets and liabilities acquired have been valued at the amount that would correspond to them, once the transaction has been completed, in the consolidated annual accounts of the subgroup, in accordance with the Rules for the Preparation of Consolidated Annual Accounts, as developed by the Commercial Code.

Furthermore, the simplified procedure has been followed in accordance with article 49 of Law 3/2009 on Structural Modifications, given that the acquiring company is the sole direct shareholder of the company being acquired and no independent experts have been involved in the merger process.

The transaction has been subject to the tax neutrality regime regulated by Chapter VII of Title VII of Law 27/2014 of 27 November on corporate income tax. Since 1 January 2020, both the transferor and the Company have belonged to the same tax consolidation group, which is that of FCC Aqualia, S.A., and therefore the tax benefits are transferred from the extinguished company to the Company.



The carrying amount of the assets and liabilities of Agua y Gestión del Ciclo Integral S.L. incorporated at the date of the merger, 1 January 2020, was as follows:

(thousands of Euros)	Book value
Intangible assets (Note 5)	2,999
Property, plant and equipment (Note 6)	260
Long-term investments in group and associated undertakings (note 7.1)	77
Long-term financial investments	152
Deferred tax assets	1,132
Stocks	159
Trade and other receivables	2,250
Short-term investments in group and associated companies	37
Short-term financial investments	755
Cash and cash equivalents	582
Long-term provisions	(515)
Other long-term debts	(48)
Deferred tax liabilities	11
Short-term provisions	(493)
Short-term debts	(235)
Short-term payables to group and associated companies	(1,571)
Trade and other payables	(2,961)
<b>Net total</b>	<b>2,591</b>
<b>Cost of participation</b>	<b>(1,383)</b>
<b>Difference recorded in Equity Instruments</b>	<b>126</b>
<b>Difference recorded in Non-current provisions</b>	<b>(181)</b>
<b>Difference recognised in Reserves (note 12)</b>	<b>1,153</b>

The latest balance sheet closed by the transferring entity is as at 31 December 2019 and is shown below:

ACTIVE	2019	LIABILITIES	2019
<b>NON-CURRENT ASSETS</b>	<b>4,620</b>	<b>NET WORTH</b>	<b>2,591</b>
Intangible assets	2,999	Equity	
Tangible fixed assets	260	Capital	2,693
Long-term investments in group and associated companies	77	Reserves	-2,132
Long-term financial investments	152	Result for the year	2,030
Deferred tax assets	1,132	<b>NON-CURRENT LIABILITIES</b>	<b>552</b>
		Long-term provisions	515
<b>CURRENT ASSETS</b>	<b>3,783</b>	Other long-term debts	48
Stocks	159	Deferred tax liabilities	-11
Trade and other receivables	2,250	<b>CURRENT LIABILITIES</b>	<b>5,260</b>
Short-term investments in group and associated companies	37	Short-term provisions	493
Short-term financial investments	755	Short-term debts	235
Cash and cash equivalents	582	Short-term payables to group and associated companies	1,571
		Trade and other accounts payable	2,961
<b>TOTAL ASSETS</b>	<b>8,403</b>	<b>TOTAL LIABILITIES</b>	<b>8,403</b>

## 2.9. Going concern principle

At 31 December 2021, the Company has reclassified to current financial liabilities the bond maturing on 8 June 2022, which is valued at EUR 699,625 thousand, resulting in a negative working capital of EUR 482,956 thousand (positive working capital of EUR 169,049 thousand at 31 December 2020). The bond renewal process has already begun.

The directors of the Company believe that the refinancing process will be successfully completed and, given the cash generation capacity of the Company, have prepared these financial statements on a going concern basis.

FCC Aqualia, S.A. has been granted a credit line of Euros 900,000 thousand as a contingent credit facility, which matures on 4 May 2022 and may be extended at the Company's discretion for a further six months to cover the amount of FCC Aqualia's and SmVak's obligations, which mature in June and July 2022, respectively. This policy has accrued a structuring fee of Euros 900 thousand, of which Euros 450 thousand has been recognised and is pending disbursement at 31 December 2021. On 2 February 2022, an extension of the maturity of the credit line was signed at the Company's discretion until 31 January 2023. (see note 15.2).

## NOTE 3. DISTRIBUTION OF RESULTS

The proposed distribution of profit for the year 2021 to be submitted for approval by the General Meeting of Shareholders is as follows:

<b>PROPOSED DISTRIBUTION OF RESULTS</b>	
<i>(Amounts in thousands of euro )</i>	
<b>Profit of the exercise</b>	<b>74.889</b>
<b>Distribution:</b>	
<b>Voluntary reserves</b>	<b>74.889</b>

## NOTE 4 . RECORDING AND VALUATION RULES

The main recording and valuation rules used by the Company in the preparation of the annual accounts for the financial year 2021, in accordance with the accounting principles and rules set out in the Commercial Code, which are developed in the General Accounting Plan, as well as the rest of the mercantile legislation in force at the closing date of these annual accounts, were as follows:

### 4.1. Intangible assets

As a general rule, intangible assets are initially measured at acquisition or production cost. Intangible assets are subsequently measured at cost less accumulated amortisation and any impairment losses.

a) Intangible assets from concession agreements.

Concession contracts are agreements between a public entity and the Company to provide public services for the distribution of drinking water, construction and operation of water infrastructure and other services. Revenues from the provision of the service may be collected directly from users or sometimes through the granting entity itself, which regulates the prices for the provision of the service.

The concessionary right generally implies the monopoly of the exploitation of the service granted for a specific period of time, after which the infrastructure affected by the concession necessary for the development of the service reverts to the granting entity, generally without consideration. It is a necessary characteristic that the concession contract contemplates the management or operation of the aforementioned infrastructure. Likewise, a common feature is the existence of acquisition or construction obligations for all those elements that are necessary for the provision of the concession service throughout the life of the contract.

The aforementioned concession contracts are recorded in accordance with the provisions of Order EHA/3362/2010 of 23 December, approving the rules for the adaptation of the general accounting plan to public infrastructure concession companies.

The Company recognises as "Intangible assets under concession agreements" the infrastructure built, improved or acquired by the Company in its capacity as a concession holder to provide a public service linked to a concession contract. The recognition of an intangible asset occurs in those cases, in accordance with the aforementioned standard, in which the Company is entitled to charge tariffs to the users of the public service, based on the use they make of the service, with the concession holder therefore assuming the risk of demand. The fact that the grantor controls the physical use of the infrastructure, the way in which the service is provided and the price of the service means that the infrastructure is recorded as an intangible asset rather than as a tangible asset.

Its initial valuation is made at the fair value of the service provided, equivalent to the cost of acquisition or production plus the infrastructure construction margin, and this value is recovered over the life of the contract through the right to charge the users of the service the corresponding tariffs according to the degree of use of the service.

Provisions for dismantling, removal or refurbishment, as well as capacity improvement or expansion measures whose revenues are foreseen in the initial contract, are also recognised as an increase in the value of the asset at the start of the concession, and the depreciation of these assets and the discounting of these provisions are taken to income over the life of the contract. Provisions for infrastructure replacement and repair work are systematically recognised in profit or loss as the obligation is incurred.

For those items under this heading that require construction periods of more than one year, the Company capitalises financial expenses accrued before the asset is ready for use and which have been drawn down by the supplier or correspond to loans or other types of specific or generic external financing directly attributable to the acquisition or manufacture of the asset.

In addition, the Company records as administrative concessions the amounts contributed in accordance with the terms and conditions and committed upon signing the concession contracts, as well as other costs incurred in obtaining the concessions for water supply and sanitation services.

It is amortised on a straight-line basis over the concession term, and there are no significant differences between the amount calculated in this way and the amount that would be obtained based on the cubic metres of water produced under the contracts operated by the Company.

At year end, the indications of impairment identified in certain intangible assets included in this caption have been adjusted, and the directors estimate that for the rest of the Company's assets the recoverable amount of the assets is greater than their carrying amount.

From the time of commissioning, the financial expenses for the year are charged to income in proportion to the income foreseen in the Company's Economic and Financial Plan.

In relation to the expected revenues, the proportion that the revenues represent with respect to the total for each financial year is determined. This ratio is applied to the total expected financial expenses during the concession period to determine the amount to be charged in each financial year as financial expenses for the year. In the event that the actual revenue for that financial year exceeds the expected revenue, the ratio shall be calculated between the actual revenue and the total expected revenue.

The difference between the total financial expenses for the year and the financial expenses taken to the income statement is capitalised as deferred financial expenses.

b) Goodwill.

Under this heading, the Company includes the goodwill arising in 2002 from the merger by absorption that the Company carried out with several of its subsidiaries.

Subsequent to initial recognition, goodwill is measured at acquisition cost less accumulated amortisation and, where applicable, the accumulated amount of any impairment losses recognised, in accordance with the criteria mentioned in note 4.3. In accordance with applicable legislation, the useful life of goodwill has been established at 10 years and amortisation is on a straight-line basis.

In addition, goodwill is tested for impairment annually or less frequently if there are indications of a potential impairment of the asset. For these purposes, the goodwill resulting from the aforementioned business combination is allocated to the Company as a whole as a Cash Generating Unit (CGU), which is expected to benefit from the synergies of the combination.

Until the year ended 31 December 2015, and in accordance with the Capital Companies Act in force at that time, the Company was required, when appropriating the profit for each year, to set aside a restricted reserve equivalent to the goodwill appearing on the assets side of the balance sheet, with the amount of the profit representing at least five per cent of the amount of the aforementioned goodwill being used for this purpose. If there was no profit, or insufficient profit, unrestricted reserves were used.

In accordance with the amendments made to the Capital Companies Act by Law 22/2015 of 20 July on the Audit of Accounts, as from the financial years commencing on 1 January 2016 the Company will discontinue contributions to this reserve for goodwill, and the amount thereof must be reclassified to voluntary reserves and will be available as from this financial year in the amount exceeding the goodwill recognised on the assets side of the balance sheet. No amount has been reclassified to voluntary reserves in either 2020 or 2021.

c) Computer applications.

Computer software includes the costs incurred in the acquisition of computer programs, which are amortised over a maximum period of five years. Maintenance costs are recognised in the profit and loss account in the year in which they are incurred.

d) Research and development expenditure.

They are initially measured at acquisition or production cost when the Company has undertaken research and development work. They are recorded on a project-by-project basis and are only capitalised when there are sound reasons for the technical success and economic profitability of the project.

Amortisation is on a straight-line basis over the useful life of the project and in any case within a maximum period of 5 years.

#### **4.2. Tangible fixed assets**

Property, plant and equipment are initially measured at acquisition or production cost when the Company has carried out work on its own assets, and are subsequently reduced by the related accumulated depreciation and impairment losses, if any, in accordance with the criteria mentioned in note 4.3. At year-end no indications of impairment have been identified for any of the Company's property, plant and equipment, and the Company's directors consider that the recoverable amount of the assets is greater than their carrying amount, and therefore no impairment loss has been recognised.

Upkeep and maintenance costs of property, plant and equipment are expensed in the year in which they are incurred. Conversely, amounts invested in improvements that contribute to increasing the capacity or efficiency or extending the useful life of these assets are recorded as an increase in their cost.

For fixed assets that require more than one year to be in working condition, capitalised costs include borrowing costs that have accrued before the asset is put into working condition and that have been drawn down by the supplier or relate to loans or other specific or general external financing directly attributable to the acquisition or manufacture of the asset.

Work carried out by the Company on its own fixed assets is recorded at accumulated cost, which is the sum of external costs plus internal costs, determined on the basis of in-house consumption of materials, direct labour incurred and manufacturing overheads calculated at absorption rates similar to those applied for inventory valuation purposes.

The Company depreciates its property, plant and equipment using the straight-line method, applying annual depreciation rates calculated on the basis of the years of estimated useful life of the respective assets, as follows:

YEARS OF ESTIMATED USEFUL LIFE	
Constructions	33 - 50
Technical installations and machinery	10 - 25
Other fixtures, fittings and furnishings	7 - 10
Other tangible fixed assets	4 - 6

#### **4.3. Impairment of non-financial assets**

The Company assesses the existence of indications of potential impairment of non-financial assets subject to amortisation or depreciation to determine whether the carrying amount of the assets exceeds their recoverable amount, which is the higher of fair value less costs to sell and value in use.

Impairment losses are recognised in the profit and loss account under "Impairment and gains or losses on disposal of fixed assets".

To determine the recoverable amount of the assets tested for impairment, the present value of the net cash flows generated by the cash-generating units (CGU) to which they are associated was estimated, except for those flows related to payments or collections from financing transactions and payments for income tax, as well as those deriving from future improvements or refurbishments planned for the assets of the aforementioned cash-generating units. A pre-tax discount rate that includes current market assessments of the time value of money and the risks specific to each cash-generating unit has been used to discount the cash flows.

The estimated cash flows were obtained from the projections made by the management of each of the CGUs, which generally use five-year periods, except where the characteristics of the business make longer periods advisable. In this regard, the recoverable amount of the Group's concession assets is calculated by considering the remaining concession periods of the concessions and, only in the event that the Group has contractual compensation commitments that are likely to materialise, additional extensions. Growth rates are also included based on the various approved business plans, which are reviewed periodically, and zero growth rates are considered for periods beyond the years projected in the aforementioned plans. In addition, it should be noted that sensitivity analyses are performed in relation to revenue growth, operating margins and discount rates in order to forecast the impact of future changes in these variables.

The Company assesses at each reporting date whether there is any indication that the impairment loss recognised in prior years no longer exists or may have decreased. Impairment losses for goodwill are not reversible. Impairment losses for other assets are reversed only if there has been a change in the estimates used to determine the asset's recoverable amount.

A reversal of an impairment loss is credited to the profit and loss account. However, the reversal of the loss cannot increase the carrying amount of the asset above the carrying amount that it would have had, net of depreciation, had the impairment not been recognised.

Once an impairment loss or reversal of impairment has been recognised, depreciation is adjusted in subsequent years to the new carrying amount.

Notwithstanding the above, if the specific circumstances of the assets reveal a loss of an irreversible nature, this is recognised directly in losses on fixed assets in the profit and loss account.

#### **4.4. Leases**

Leases are classified as finance leases provided that the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. At 31 December 2021, the Company has not entered into any contracts of this type and the directors do not consider their impact on the Company's accompanying financial statements to be material.

##### Operating leasing

Expenses arising from operating lease agreements are charged to the profit and loss account in the year in which they are incurred.

Any collections or payments that may be made under an operating lease are treated as prepayments and are taken to profit or loss over the lease term as the benefits of the leased asset are transferred or received.

#### **4.5. Financial instruments**

##### **4.5.1. Financial assets**

##### Ranking

The financial assets held by the Company are classified into the following categories:

- Financial assets at amortised cost. These are generally included in this category:
  - Trade receivables: these are financial assets arising from the sale of goods and the rendering of services in connection with the Company's business transactions for which payment is deferred.
  - Non-trade receivables: financial assets which, not being equity instruments or derivatives, do not have a commercial origin and whose collections are of a determined or determinable amount and which derive from loan or credit operations granted by the Company.

Financial assets classified in this category are initially measured at fair value, which, unless there is evidence to

the contrary, is assumed to be the transaction price, which is the fair value of the consideration given, plus directly attributable transaction costs.

However, trade receivables maturing in less than one year and which do not have an explicit contractual interest rate, as well as receivables from personnel, dividends receivable and payments due on equity instruments, the amount of which is expected to be received in the short term, are measured at nominal value when the effect of not discounting cash flows is not material.

The amortised cost method is used for subsequent measurement. Accrued interest is recognised in the profit and loss account (financial income) using the effective interest rate method.

- Financial assets at fair value through equity: this includes investments in equity instruments, provided that they are not held for trading, nor are they to be measured at cost.

Financial assets included in this category are initially measured at fair value, which, unless there is evidence to the contrary, is assumed to be the transaction price, which is the fair value of the consideration given, plus directly attributable transaction costs.

Subsequent measurement is at fair value, without deducting any transaction costs that might be incurred on disposal. Changes in fair value are recognised directly in equity until the financial asset is derecognised or impaired, at which time the amount so recognised is taken to the income statement.

- Financial assets at cost: these include equity investments in Group companies, associates and jointly controlled entities. Group companies are considered to be those related to the Company by virtue of a controlling relationship, and associates are those over which the Company exercises significant influence. In addition, jointly controlled entities include companies over which, by virtue of an agreement, joint control is exercised with one or more partners.

Investments in this category are initially measured at cost, which is the fair value of the consideration given plus directly attributable transaction costs.

Subsequent measurement is also at cost less accumulated impairment losses. Impairment losses are calculated as the difference between the carrying amount and the recoverable amount, which is the higher of fair value less costs to sell and the present value of future cash flows from the investment. Unless there is better evidence of the recoverable amount, the estimate of the impairment loss is calculated on the basis of the equity of the investee, consolidated where appropriate, adjusted for any unrealised gains existing at the measurement date, including goodwill, if any.

At least at year-end, the Company makes valuation adjustments to financial assets that are not carried at fair value when there is objective evidence of impairment if such value is lower than their carrying amount, in which case this impairment is recognised in the income statement. In particular, with respect to impairment losses on trade and other receivables, the Company calculates impairment losses, if any, on the basis of specific analyses of the risk of bad debts on each receivable.

#### **4.5.1.1. Equity instruments**

An equity instrument represents a residual interest in the Company's equity, after deducting all its liabilities



from its assets, and the securities issued are recorded in equity at the amount received, net of issue costs net of tax.

Treasury shares acquired by the Company during the year are recognised directly as a reduction in equity at the value of the consideration paid. Gains or losses arising from the purchase, sale, issue or redemption of own equity instruments are recognised directly in equity and in no case are any gains or losses recognised in the income statement.

#### **4.5.2. Derecognition of financial assets**

The Company derecognises financial assets 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 have been transferred.

#### **4.5.3. Financial liabilities**

All financial liabilities held by the Company are classified as financial liabilities at amortised cost.

Financial liabilities are those debits and payables of the Company that have arisen from the purchase of goods and services in the ordinary course of the Company's business, or those which, without having a commercial origin, cannot be considered as derivative financial instruments.

Financial liabilities included in this category are initially measured at fair value, which, unless there is evidence to the contrary, is deemed to be the transaction price, which is the fair value of the consideration received adjusted for directly attributable transaction costs.

Payables and payables are initially measured at the fair value of the consideration received. Subsequently, such liabilities are measured at amortised cost.

Finance charges are recognised on an accrual basis in the income statement using the effective interest method and are added to the amount of the instrument to the extent that they are not settled in the period in which they are incurred.

Bank borrowings and other current and non-current financial liabilities are classified on the basis of maturity at the balance sheet date, with current liabilities falling due within 12 months of the balance sheet date and non-current liabilities falling due in more than 12 months.

The Company derecognises financial liabilities when the obligations giving rise to them are extinguished.

#### **4.6. Stocks**

Inventories are stated at the lower of acquisition cost, production cost or net realisable value. Trade discounts, rebates obtained, other similar items and interest incorporated in the nominal amount of debits are deducted in determining the acquisition price.

The cost of production includes direct material costs and, where appropriate, direct labour costs and manufacturing overheads.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in the marketing, selling and distribution processes.

The Company makes the appropriate valuation adjustments and recognises them as an expense in the income statement when the net realisable value of inventories is lower than their acquisition price or production cost.

#### **4.7. Foreign currency transactions**

The functional currency used by the Company is the Euro. Consequently, transactions in currencies other than the Euro are deemed to be denominated in foreign currencies and are recorded at the exchange rates prevailing at the dates of the transactions.

At year-end, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Any gains or losses disclosed are taken directly to the profit and loss account in the year in which they arise.

Similarly, financial instruments held by group companies in foreign currencies whose purchase has been financed with loans in the same currency have been translated at the closing rate.

#### **4.8. Taxation of profits**

The income tax expense or income comprises the portion relating to current tax expense or income and the portion relating to deferred tax expense or income.

Current tax is the amount payable by the Company as a result of income tax assessments relating to a financial year. These tax assessments take into account permanent differences between the taxable profit and the accounting profit. Deductions and other tax benefits, excluding withholdings and prepayments, as well as tax losses carried forward from previous years and effectively applied in the current year, result in a lower amount of current tax.

Deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences which are identified as amounts expected to be payable or recoverable arising from differences between the carrying amounts of assets and liabilities and their tax bases, as well as tax loss carryforwards and tax credit carryforwards. These amounts are recognised by applying to the corresponding temporary difference or credit the tax rate at which they are expected to be recovered or settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except those arising from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit and is not a business combination.

Deferred tax assets are only recognised to the extent that it is considered probable that future taxable profit will be available against which the deferred tax asset can be utilised.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity accounts are also recognised with a balancing entry in equity.

Deferred tax assets are reassessed at each balance sheet date and adjusted if there are doubts as to their future recoverability. In addition, deferred tax assets not recognised in the balance sheet are assessed at each balance sheet date and are recognised to the extent that it becomes probable that they will be recoverable against future taxable profit.

Deferred tax assets and liabilities are recognised in the balance sheet as non-current assets or liabilities, regardless of the expected date of realisation or settlement.

As a result of the sale of 49% of the shares of FCC Aqualia, S.A. by Fomento de Construcciones y Contratas, S.A., discussed in note 1, from 28 September 2018, the Company ceased to form part of the 18/89 tax consolidation group headed by FCC and taxed in relation to corporate income tax, in accordance with the Special Tax Consolidation Regime, provided for in article 64 et seq. of the Consolidated Text of Royal Legislative Decree 4/2004 of 5 March.

Since 13 February 2019, but with effect from 1 January 2019, the Company is the head of the 233/19 Tax Group. From this date, the accrued corporate income tax expense of the companies under the consolidated tax regime is determined taking into account, in addition to the parameters to be considered in the case of individual taxation set out above, the following:

- Temporary and permanent differences arising as a result of the elimination of results from intercompany transactions arising from the process of determining the consolidated tax base.
- The deductions and allowances that correspond to each company in the tax group under the consolidated tax return system; for these purposes, the deductions and allowances shall be allocated to the company that carried out the activity or obtained the income necessary to obtain the right to the tax deduction or allowance.

- For the portion of the tax loss carryforwards of certain Group companies that have been offset by the other companies in the consolidated Group, a reciprocal credit and debit arises between the companies to which they relate and the companies offsetting them. In the event that there is a tax loss that cannot be offset by the other consolidated Group companies, these tax loss carryforwards are recognised as deferred tax assets in accordance with the criteria established for their recognition, considering the tax group as the taxpayer.
- The parent company of the Group records the total amount payable (refundable) for consolidated income tax with a charge (credit) to Receivables (Payables) from Group companies and associates.
- The amount of debt (receivable) relating to subsidiaries is credited (debited) to Payables (receivables) to Group and associated companies.

Deferred tax liabilities are recognised for all taxable temporary differences, except those arising from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit and is not a business combination.

Deferred tax assets are only recognised to the extent that it is considered probable that future taxable profit will be available against which the deferred tax asset can be utilised.

Deferred tax assets are reviewed at each balance sheet date and adjusted if there are doubts as to their future recoverability. Deferred tax assets not recognised in the consolidated balance sheet are also assessed at each balance sheet date and are recognised to the extent that it becomes probable that they will be recoverable against future taxable profit.

Deferred tax assets and liabilities are recognised in the consolidated balance sheet as non-current assets or liabilities, irrespective of the expected date of realisation or settlement, without any financial restatement.

#### **4.9. Provisions and contingencies**

When preparing the annual accounts, the Company's directors distinguish between:

- Provisions: credit balances covering present obligations arising from past events, the settlement of which is probable to result in an outflow of resources, but the amount and/or timing of which is uncertain.
- Contingent liabilities: possible obligations arising from past events, the future realisation of which is conditional on the occurrence or non-occurrence of one or more future events beyond the control of the Company.

The annual accounts include all provisions for which it is considered more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the annual accounts, but are disclosed in the notes to the annual accounts to the extent that they are not considered to be remote.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account available information about the event and its consequences, with adjustments arising from the discounting of such provisions recorded as a finance cost as accrued.

#### **4.10. Income and expenditure**

Sales revenue is recognised when the significant risks and rewards of ownership of the asset sold have been transferred to the buyer, but the buyer does not retain current management or effective control over the asset.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the balance sheet date, provided that the outcome of the transaction can be estimated reliably.

Interest received on financial assets is recognised using the effective interest method and dividends are recognised when the shareholder's right to receive them is declared. In any case, interest and dividends on financial assets accrued after the time of acquisition are recognised as income in the profit and loss account.

Revenues consists mainly of the following items:

- For water supply contracts, the Company recognises as revenue the amount corresponding to the cubic metres supplied to subscribers valued at the selling price. This selling price is established for each contract on the basis of the tariffs approved by each local council and published in the Official Gazettes of the respective province. In relation to the cubic metres supplied, the Company takes periodic readings of its subscribers' consumption. At the end of each accounting period, the Company assesses the income from water supply not invoiced up to the balance sheet date to record "Production executed and pending certification" under the heading "Customers for sales and services rendered". For its quantification, it takes into consideration the cubic metres consumed by each subscriber from the date of the last invoice and up to the date of the last meter reading, where applicable. Likewise, and from the date of the last meter reading to the date of closure of the accounts, the remaining consumption is estimated based on the information available for comparable historical periods.
- Sale of works and services. This includes the amount corresponding to construction work and activities carried out by the Company in relation to the provision of the integral water cycle in those municipalities in which it has been awarded the contract. The amount of sales is calculated by applying the percentage of completion method, which consists of valuing the work units executed in the period at the selling price established in the contract, while recognising the expenses incurred thereon. The difference between the amount of production and the amount invoiced at the balance sheet date is recognised under "Trade accounts receivable for sales and services rendered" or "Trade accounts payable and other payables" as "Production certified in advance".

- Dividends obtained from equity instruments in group companies, joint ventures and associates. In accordance with Consultation 2 of Bulletin 79 of the Spanish Accounting and Audit Institute, dividends obtained from equity instruments in group companies and associates are considered to form part of net turnover, as the holding of shares is an ordinary activity for the Company. Likewise, any distribution of available reserves will qualify as a "profit distribution" transaction and, consequently, will result in the recognition of income to the shareholder, provided that, since the date of acquisition, the investee or any group company in which the latter has an interest has generated profits in excess of the equity to be distributed. The judgement as to whether profits have been generated by the investee shall be made solely on the basis of the profits recognised in the individual income statement since the date of acquisition, unless it is clear that the distribution out of those profits is to be regarded as a recovery of the investment from the perspective of the entity receiving the dividend.

Other income and expenses are also recognised on an accruals basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

#### **4.11. Severance payments**

In accordance with current legislation, the Company is obliged to make severance payments to employees whose employment is terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate employment is taken. No provision has been recorded in the accompanying financial statements in this connection, as no such situations are foreseen.

#### **4.12. Subsidies**

The Company accounts for grants received as follows:

a) Non-repayable grants:

They are recognised in equity and measured at the fair value of the amount or asset granted, depending on whether or not they are monetary in nature, and are taken to profit or loss in proportion to the depreciation charge for the period for the subsidised items or, where appropriate, when they are disposed of or impaired, with the exception of those received from shareholders or owners, which are recognised directly in equity and do not constitute income.

b) Operating subsidies:

They are credited to income when they are granted, unless they are intended to finance operating deficits in future years, in which case they are charged to income in those years. If they are granted to finance specific expenses, they shall be charged as the expenses financed are incurred.

#### **4.13. Joint ventures**

The Company accounts for the contracts it jointly operates through joint ventures by recognising in the balance sheet its proportionate share, based on its percentage of ownership, of the jointly controlled assets and jointly incurred liabilities. Likewise, its share of the income generated and expenses incurred by the jointly operated contract is recognised in the income statement, and its proportionate share of the amounts of the joint contract items is recognised in the statement of changes in equity and the statement of cash flows.

The figures contributed by the joint ventures to the Company's balance sheet and profit and loss account are reflected in each of the Notes to the consolidated financial statements.

#### **4.14. Related party transactions**

The Company carries out all its transactions with related companies at market values. In addition, transfer prices are adequately supported and the Company's directors consider that there are no significant risks in this respect that could give rise to significant liabilities in the future.

In mergers and divisions of a business, the items acquired are generally valued at the amount that corresponds to them in the consolidated annual accounts after the transaction has been completed. The resulting differences are recorded in reserves.

#### **4.15. Business actions with environmental impacts**

The Company carries out operations whose main purpose is to prevent, reduce or repair damage to the environment as a result of its operations.

Expenses arising from environmental activities are recognised as operating expenses in the year in which they are incurred.

Those items that can be incorporated into the Company's assets for long-term use in its business activities and whose main purpose is to minimise environmental impact and protect and improve the environment are recorded as property, plant and equipment.

On the other hand, the Company recognises provisions for environmental actions when it is known that expenses incurred in the year or prior years are clearly specified as to their nature, but are uncertain as to their amount or date. These provisions are made on the basis of the best estimate of the expenditure required to settle the obligation, taking into account the financial effect if significant.

#### **4.16. Classification of assets and liabilities as current and non-current**

The Company presents its balance sheet classifying assets and liabilities as current and non-current. For these purposes, current assets or liabilities are those that meet the following criteria:

-Assets are classified as current when they are expected to be realised or intended for sale or consumption in the course of the Company's normal operating cycle, are held primarily for the purpose of trading, are expected to be realised within twelve months after the reporting date or are cash or cash equivalents, except where they cannot be exchanged or used to settle a liability for at least twelve months after the reporting date. Otherwise, they are classified as non-current.

-Liabilities are classified as current when they are expected to be settled in the normal operating cycle of the Company, they are held primarily for the purpose of trading, they are due to be settled within twelve months after the reporting date or the Company does not have an unconditional right to defer settlement of the liabilities for twelve months after the reporting date. Otherwise, they are classified as non-current.

#### **4.17. Cash flow statement**

In the cash flow statement, the following expressions are used:

- Cash flows: inflows and outflows of cash and cash equivalents.
- Cash flows from operating activities: payments and receipts from the entity's typical activities, as well as other activities that cannot be classified as investing or financing activities.
- Cash flows from investing activities: payments and receipts arising from acquisitions and disposals of non-current assets.
- Cash flows from financing activities: payments and receipts from the placement and cancellation of financial liabilities, equity instruments or dividends.



## NOTE5 . INTANGIBLE FIXED ASSETS

### 5.1. Variation

a) The amounts and changes in intangible assets during 2021 were as follows:

<b>INTANGIBLE FIXED ASSETS</b>					
<i>(Amounts in thousands of euros)</i>					
<i>Variation between 31 December 2020 and 2021</i>					
	<b>BALANCE</b>	<b>(+)</b>	<b>(-)</b>	<b>(+/-)</b>	<b>BALANCE</b>
	<b>31.12.20</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>TRANSFERS</b>	<b>31.12.21</b>
Research and development expenditure	129	24	-	-	153
Goodwill	82,763	-	-	-	82,763
Computer applications	982	17	(1)	-	998
Other intangible assets	11	-	-	-	11
Concession agreement advances	251	-	-	-	251
Concession agreements financial activation	13,715	-	(864)	-	12,851
Concession agreement, regulated asset	1,130,112	83,603	(1,600)	3,260	1,215,375
<b>TOTAL COST</b>	<b>1,227,963</b>	<b>83,644</b>	<b>(2,465)</b>	<b>3,260</b>	<b>1,312,402</b>
Research and development expenditure	(128)	(11)	-	-	(139)
Goodwill	(41,381)	(8,276)	-	-	(49,657)
Computer applications	(952)	(19)	-	-	(971)
Concession agreement, regulated asset	(711,775)	(45,350)	1,600	-	(755,525)
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>(754,236)</b>	<b>(53,656)</b>	<b>1,600</b>	<b>-</b>	<b>(806,292)</b>
Concession agreement, regulated asset	(12,822)	-	1,048	(3,260)	(15,034)
<b>TOTAL IMPAIRMENTS</b>	<b>(12,822)</b>	<b>-</b>	<b>1,048</b>	<b>(3,260)</b>	<b>(15,034)</b>
<b>TOTAL NET</b>	<b>460,905</b>	<b>29,988</b>	<b>183</b>	<b>-</b>	<b>491,076</b>

- Research and development expenditure

Within this heading, the Company activates the expenses incurred in R&D, mainly in projects for the use and purification of wastewater, the use of intelligent technology in the networks and monitoring of the water cycle.

- Concession agreement, regulated asset.

In financial year 2021, the Company has recorded as additions an amount of 83,603 thousand of euros corresponding to the activity carried out in Spain and mainly to the following contracts:

- Vigo (Pontevedra) in the amount of Euros 35,628 thousand for the investment commitments to be made by the Company in the period obtained for the five-year renewal of the drinking water supply service that the Company has been providing uninterruptedly in this municipality since 1991. The main investment to be undertaken in the first two years of the renewal period is the modernisation and extension of the O Casal drinking water treatment plant in the municipality of Vigo through the construction of new buildings for treatment with reagents and ultrafiltration systems, as well as new sludge lines and the extension of the control room. All this will be carried out at the same time as normal service is provided.

- La Nucía (Alicante) in the amount of 8,905 thousand euros, of which 5,694 thousand euros correspond to investment commitments to be executed in various areas of the municipality during the 10-year renewal period obtained in this financial year and the remainder corresponds to payments made to the town council as an advance royalty.
- Güimar (Gran Canaria) in the amount of 8,844 thousand euros for the commitment of investments to be made over the 25-year renewal period obtained in the year. Of the aforementioned amount, 5,100 thousand euros will be invested in the first three years of the renewal period with the aim of increasing the network's efficiency until it reaches 82% during the renewal period.
- La Línea de la Concepción (Cádiz) in the amount of 4,874 thousand euros for the investment commitment assumed with the town council to extend the wastewater treatment plant in the municipality and modernise the sewerage and drainage network during the 15-year period obtained for renovation.
- La Puebla de Montalbán (Toledo) in the amount of 3,753 thousand euros for the investment commitment to improve the supply networks and the municipality's wastewater treatment plant through works to be carried out over 12 year until the end of the contract. In this municipality, the Company has been providing the drinking water supply and wastewater treatment service since 2007 years ago.

Other Spanish municipalities in which agreements have been signed for investments charged to current tariffs include Salamanca for 3,053 thousand euros, Denia (Alicante) for 2,735 thousand euros, and Algeciras (Cádiz) for 1,943 thousand euros.

- Deteriorations.

During the year, the Company reversed impairment losses recognised in prior years amounting to 1,048 thousand euros, as the concession assets for which the impairment loss was recognised continue to operate and generate amortisation in the year.

b) The amounts and changes in intangible assets during the year 2020 were as follows:

<b>INTANGIBLE FIXED ASSETS</b>					
<i>(Amounts in thousands of euros)</i>					
<i>Variation between 31 December 2019 and 2020</i>					
	<b>BALANCE</b>	<b>(+)</b>	<b>(-)</b>	<b>(+/-)</b>	<b>BALANCE</b>
	<b>31.12.19</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>Business combination</b>	<b>31.12.20</b>
Research and development expenditure	5,350	2	(5,223)	-	129
Goodwill	82,763	-	-	-	82,763
Computer applications	1,124	13	(155)	-	982
Other intangible assets	11	-	-	-	11
Concession agreement advances	172	79	-	-	251
Concession agreements financial activation	14,639	169	(1,093)	-	13,715
Concession agreement, regulated asset	1,122,480	6,655	(5,837)	6,814	1,130,112
<b>TOTAL COST</b>	<b>1,226,539</b>	<b>6,918</b>	<b>(12,308)</b>	<b>6,814</b>	<b>1,227,963</b>
Research and development expenditure	(5,342)	(9)	5,223	-	(128)
Goodwill	(33,106)	(8,275)	-	-	(41,381)
Computer applications	(1,072)	(26)	146	-	(952)
Concession agreement, regulated asset	(667,742)	(46,057)	5,837	(3,815)	(711,775)
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>(707,262)</b>	<b>(54,367)</b>	<b>11,206</b>	<b>(3,815)</b>	<b>(754,236)</b>
Concession agreement, regulated asset	(13,567)	(96)	843	-	(12,822)
<b>TOTAL IMPAIRMENTS</b>	<b>(13,567)</b>	<b>(96)</b>	<b>843</b>	<b>-</b>	<b>(12,822)</b>
<b>TOTAL NET</b>	<b>505,710</b>	<b>(259)</b>	<b>21</b>	<b>2,999</b>	<b>460,905</b>

Below we explain the variation for each of the headings that make up the heading:

- Research and development expenditure

Under this heading, the Company capitalises R&D expenses incurred mainly on projects for wastewater utilisation and treatment, the use of smart technology in networks and monitoring of the water cycle. In 2020, the Company derecognised the cost and accumulated amortisation of completed projects that had been fully depreciated.

- Concession agreement, regulated asset.

In the year 2020, the Company has recorded as additions an amount of 6,655 thousand of euros corresponding to the activity carried out in Spain and mainly to the following contracts:

- Mula (Murcia) for 1,338 thousand euros for the 5-year renewal of the drinking water supply service that the Company has been providing uninterruptedly in this municipality since 1982.
- Novelda (Alicante) in the amount of 911 thousand euros for the capitalisation of fixed assets to be recovered in the remaining years of the contract.
- Tarifa (Cádiz) in the amount of 688 thousand euros for the commitment of investments to be made over two years to improve the adduction from the Almodóvar reservoir to the water treatment plant.

- Yepes (Toledo) in the amount of 733 thousand euros for the investment commitment to improve the municipal water tank through works to be carried out over 15 years until the end of the contract. In this municipality, the Company has been providing the drinking water supply and wastewater treatment service since 2011.

In addition, as a result of the merger of "Agua y Gestión de Ciclo integral del agua, S.L." (Note 2.8), the Company has incorporated additions for a net amount of 2,999 thousand euros.

- Deteriorations.

During the year, the Company made an impairment charge of 96 thousand euros for the net book value of a concession in the province of Badajoz (Spain) and reversal of impairment recognised in prior years amounting 843 thousand euros, as a result of the fact that the concession assets for which this impairment was recognised continue to operate and generate amortisation in the year.

## 5.2. Balances arising from the integration of joint ventures

The balances contributed by the SPVs at 31 December 2021 include 280,869 thousand of euros corresponding to cost, 222,874 thousand euros corresponding to accumulated amortisation and 108 thousand euros corresponding to impairment (246,167 thousand euros corresponding to cost, 214,952 thousand euros corresponding to accumulated amortisation and 113 thousand euros corresponding to impairment at 31 December 2020).

## 5.3 Fully depreciated items

<b>FULLY DEPRECIATED INTANGIBLE FIXED ASSETS</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Development	127	127
Administrative concessions and concession agreement, regulated asset	103,561	76,018
Computer applications	844	919
<b>TOTAL</b>	<b>104,532</b>	<b>77,064</b>

## 5.4 Elements located outside Spanish territory

At 31 December 2021, intangible assets outside Spain amounted to 83 thousand euros in cost and 81 thousand euros in accumulated amortisation (83 thousand euros in cost and 76 thousand euros in accumulated amortisation at 31 December 2020).

## 5.5 Intangible assets per concession agreement

Year 2021

Contract	Regulated Asests concession agreement			Advances for I.A.C.A	Capitalized Financial Exp.	Duration
	Cost	Acum. Depreciat.	Impairment			
Alcalá de Henares (Madrid)	18,021	(11,977)	-	-	-	25 years
Alcoy (Alicante)	7,568	(7,568)	-	-	-	20 years
Algeciras (Cádiz)	18,237	(7,172)	-	-	-	50 years
Almansa (Albacete)	9,234	(3,033)	-	-	-	25 years
Almería (Almería)	28,617	(17,484)	-	-	-	40 years
Arcos de la Frontera (Cádiz)	11,187	(4,125)	-	-	-	25 years
Badajoz (Badajoz)	52,795	(28,617)	-	-	-	50 years
Barbate (Cádiz)	7,218	(2,763)	-	-	-	25 years
Cabezo Torres (Murcia)	6,314	(6,314)	-	-	-	40 years
Calahorra (La Rioja)	6,498	(5,258)	-	-	-	25 years
Cartaya (Huelva)	8,724	(2,791)	-	-	716	25 years
Castrillón (Asturias)	9,714	(3,919)	(1,248)	-	-	25 years
Chipiona (Cádiz)	7,054	(4,474)	-	-	-	40 years
Denia (Alicante)	14,304	(8,074)	-	-	-	35 years old
Gáldar (Gran Canaria)	13,398	(5,311)	(1,548)	-	-	25 years
Güímar (Gran Canaria)	10,115	(1,330)	-	-	-	25 years
Ingenio (Gran Canaria)	6,138	(4,692)	-	-	530	25 years
Jaén (Jaén)	9,594	(7,790)	-	-	737	30 years
La Línea de la Concepción (Cádiz)	16,119	(9,146)	-	-	416	40 years
La Nucia (Alicante)	32,202	(13,866)	-	-	-	50 years
La Solana (Ciudad Real)	5,513	(2,765)	-	-	641	30 years
L'Ametlla de Mar (Tarragona)	11,605	(6,126)	-	-	-	35 years old
Llanera (Asturias)	11,176	(6,083)	(3,090)	-	-	25 years
Lleida (Lleida)	49,277	(16,498)	-	-	-	25 years
Lloret de Mar (Girona)	24,774	(15,015)	(2,170)	-	-	25 years
Los Alcázares (Murcia)	8,258	(8,084)	-	-	18	20 years
Mdad. El Girasol (Toledo)	7,855	(5,959)	-	-	443	25 years
Mdad. Río Algodor (Toledo)	7,677	(2,751)	-	-	-	50 years
Mérida (Badajoz)	21,402	(14,869)	-	-	-	30 years
Moguer (Huelva)	7,413	(3,399)	-	-	-	30 years
Oviedo (Asturias)	37,077	(17,772)	(108)	-	7,531	50 years
Salamanca (Salamanca)	11,106	(5,281)	-	-	516	25 years
San Pedro del Pinatar (Murcia)	10,667	(4,840)	-	-	-	35 years old
San Lorenzo Escorial (Madrid)	6,512	(2,613)	-	-	-	30 years
Sanlúcar de Barrameda (Cádiz)	17,263	(7,736)	-	-	-	40 years
Sant Feliu Gixols (Girona)	6,973	(4,481)	-	-	-	50 years
Sant Josep (Balearic Islands)	10,554	(5,966)	-	-	-	28 years old
Santander (Cantabria)	86,349	(54,300)	-	-	-	25 years
Sóller (Balearic Islands)	6,681	(3,782)	-	-	-	30 years
Talavera de la Reina (Toledo)	28,354	(20,923)	-	-	62	25 years
Valverde del Camino (Huelva)	6,206	(2,296)	-	-	-	25 years
Vélez-Málaga (Málaga)	7,800	(4,932)	-	-	-	20 years
Vigo (Pontevedra)	218,725	(190,225)	-	-	-	30 years
Rest	313,107	(193,125)	(6,870)	251	1,241	5 - 50 years
<b>Total</b>	<b>1,215,375</b>	<b>(755,525)</b>	<b>(15,034)</b>	<b>251</b>	<b>12,851</b>	

Year 2020

Contract	Regulated Assets concession agreement			Advances for I.A.C.A.	Capitalized Financial Exp.	Duration
	Cost	Am. Acum.	Deterioration			
Alcalá de Henares (Madrid)	18,021	(11,199)	-	-	-	25 years
Alcoy (Alicante)	7,568	(7,568)	-	-	-	20 years
Algeciras (Cádiz)	16,294	(6,831)	-	-	-	50 years
Almansa (Albacete)	9,234	(2,644)	-	-	-	25 years
Almería (Almería)	28,617	(16,472)	-	-	-	40 years
Arcos de la Frontera (Cádiz)	11,187	(3,676)	-	-	-	25 years
Badajoz (Badajoz)	52,795	(27,554)	-	-	-	50 years
Barbate (Cádiz)	7,218	(2,474)	-	-	-	25 years
Cabezo Torres (Murcia)	6,314	(6,271)	-	-	-	40 years
Calahorra (La Rioja)	6,498	(4,902)	-	-	-	25 years
Cartaya (Huelva)	8,724	(2,442)	-	-	718	25 years
Castrillón (Asturias)	9,714	(3,326)	(1,373)	-	-	25 years
Chipiona (Cádiz)	7,054	(4,150)	-	-	-	40 years
Denia (Alicante)	11,568	(7,425)	-	-	-	35 years old
Gáldar (Gran Canaria)	13,098	(4,621)	(1,680)	-	-	25 years
Güimar (Gran Canaria)	1,271	(1,271)	-	-	-	25 years
Ingenio (Gran Canaria)	6,138	(4,448)	-	-	-	25 years
Jaén (Jaén)	9,594	(7,457)	-	-	852	30 years
La Línea de la Concepción (Cádiz)	11,246	(8,694)	-	-	508	25 years
La Nucia (Alicante)	23,297	(12,776)	-	-	-	40 years
La Solana (Ciudad Real)	5,513	(2,606)	-	-	678	30 years
L'Ametlla de Mar (Tarragona)	9,008	(5,765)	-	-	-	35 years old
Llanera (Asturias)	9,544	(5,571)	-	-	-	25 years
Lleida (Lleida)	49,277	(14,450)	-	-	-	25 years
Lloret de Mar (Girona)	24,774	(13,930)	(2,411)	-	-	25 years
Los Alcázares (Murcia)	8,258	(7,657)	-	-	192	20 years
Mdad. El Girasol (Toledo)	7,855	(5,540)	-	-	528	25 years
Mdad. Río Algodor (Toledo)	7,677	(2,426)	-	-	-	50 years
Mérida (Badajoz)	21,402	(14,124)	-	-	-	30 years
Moguer (Huelva)	7,413	(3,100)	-	-	-	30 years
Oviedo (Asturias)	37,077	(16,991)	(113)	-	7,396	50 years
Salamanca (Salamanca)	8,053	(4,638)	-	-	722	25 years
San Pedro del Pinatar (Murcia)	10,667	(4,333)	-	-	-	35 years old
San Lorenzo Escorial (Madrid)	6,512	(2,613)	-	-	-	30 years
Sanlúcar de Barrameda (Cádiz)	17,263	(7,047)	-	-	-	40 years
Sant Feliu Gixols (Girona)	6,973	(4,386)	-	-	-	50 years
Sant Josep (Balearic Islands)	10,554	(5,663)	-	-	-	28 years old
Santander (Cantabria)	86,349	(50,835)	-	-	-	25 years
Sóller (Balearic Islands)	6,681	(3,434)	-	-	-	30 years
Talavera de la Reina (Toledo)	28,354	(19,700)	-	-	155	25 years
Valverde del Camino (Huelva)	6,206	(2,048)	-	-	-	25 years
Vélez-Málaga (Málaga)	7,800	(4,606)	-	-	-	20 years
Vigo (Pontevedra)	183,100	(183,100)	-	-	-	30 years
Rest	298,352	(181,011)	(7,245)	251	1,966	5 - 50 years
<b>Total</b>	<b>1,130,112</b>	<b>(711,775)</b>	<b>(12,822)</b>	<b>251</b>	<b>13,715</b>	

In these contracts, the Company manages the integral water cycle, covering all its phases:

- Catchment from catchment areas or wells.
- Potabilisation and treatment at drinking water treatment plants.
- Water supply through the water network to all subscribers.

- Collection of wastewater through the sewerage network to the wastewater treatment plants, from where it is returned to the natural environment.

Administrative concessions are defined by Law 13/2003 of 23 May as those by virtue of which the granting Public Administration or public law entity grants a concessionaire, for a period of time, the construction and operation, or only the operation of works which, being susceptible to exploitation, are necessary for the provision of public services of an economic nature. The construction and operation of the public works under concession shall be carried out at the risk and peril of the concessionaire, who shall assume the economic risks deriving from their execution and operation.

It can be deduced from the above that concession agreements require the existence of an infrastructure controlled by the Public Administration, which is operated by the Company, within the framework of rules derived from said Administration and which establish such important aspects as the tariff necessary for the recovery of the investment made by the concessionaire.

The definition of infrastructure includes both the works and facilities built by the Company with its own means and those acquired from third parties, provided that they are intended for the provision of the public service under the terms of the concession agreement.

The intangible assets mentioned in this Note have been recognised because the Company is entitled to charge fees to users of the public service based on their use of the service, with the concessionaire therefore assuming the demand risk.

Moreover, in these contracts, the grantor controls the physical use of the infrastructure, the way in which the service is provided and the price of the service.

The balance of "Concession Agreement - Financial Activation" relates in full to the deferred finance charge arising from the financing instrument associated with the construction of the concessions. (See Note 4.1.a).

As indicated above, the tariffs to be charged by the Company to the users of the public service are regulated by the granting entity. However, there are clauses in these contracts that allow the Company to request a revision of the tariffs in the event of the need for economic rebalancing.

In addition, at the start of each concession, the Company recognises as an intangible asset the amount of the investment commitments included in each contract involving improvements to the networks and infrastructure covered by the concession, which are recovered in the tariffs billed to subscribers from the outset. Until the actual investment is made, the Company recognises these amounts under "Provisions for infrastructure actions", which is included under "Other provisions for liabilities and charges" (see note 14).

## **5.6 Capitalisation of financial charges**

Neither during FY2021 nor in FY2020, the Company has capitalised financial expenses under the heading "Advances under concession agreement", having accrued an amount of 3,836 thousand euros at source.

In addition, under the heading "Concession agreements financial activation", the Company recognised a negative net amount of 864 thousand euros in profit or loss in 2021 (negative net recognition of 924 thousand euros at 31 December 2020).

### 5.7 Commitment to purchase goods

At 31 December 2021, there were no commitments in addition to those already included under "Provisions for infrastructure measures" (see Note 14).

### 5.8 Insurance Policies

The Company's policy is to take out all insurance policies necessary to cover possible risks that could affect intangible assets.

## NOTE6 . TANGIBLE FIXED ASSETS

### 6.1. Variation

The movements during the year in the various tangible fixed asset accounts and the related accumulated depreciation were as follows:

#### a) Variation in 2021

<b>TANGIBLE FIXED ASSETS</b>					
<i>(Amounts in thousands of euros)</i>					
<i>Variation between 31 December and 20202021</i>					
	<b>BALANCE</b>	<b>(+)</b>	<b>(-)</b>	<b>(+)(-)</b>	<b>BALANCE</b>
	<b>31.12.20</b>	<b>ADDITIONS</b>	<b>WRITE-OFF</b>	<b>TRANSF.</b>	<b>31.12.21</b>
Land and buildings	4,331	1	-	-	4,332
Technical installations and other tangible fixed assets	114,252	16,984	(799)	564	131,001
Fixed assets under construction	254	460	-	(564)	150
<b>TOTAL COST</b>	<b>118,837</b>	<b>17,445</b>	<b>(799)</b>	<b>-</b>	<b>135,483</b>
Constructions	(2,380)	(82)	-	-	(2,462)
Technical installations and other tangible fixed assets	(71,810)	(8,780)	638	-	(79,952)
<b>TOTAL ACCUM. DEPRECIATION</b>	<b>(74,190)</b>	<b>(8,862)</b>	<b>638</b>	<b>-</b>	<b>(82,414)</b>
<b>TOTAL NET</b>	<b>44,647</b>	<b>8,583</b>	<b>(161)</b>	<b>-</b>	<b>53,069</b>

During 2021, the Company has recorded additions to property, plant and equipment amounting 17,445 thousand euros, corresponding to assets used in the contracts performed by the Company which are not concession contracts, as well as those acquired for those which, being concession contracts, do not revert to the granting bodies.



b) Variation in 2020

<b>TANGIBLE FIXED ASSETS</b>						
<i>(Amounts in thousands of euros)</i>						
<i>Variation between 31 December 2019 and 2020</i>						
	BALANCE	(+)	(-)	(+)(-)	(+)	BALANCE
	31.12.19	ADDITIONS	WRITE-OFF	TRANSF.	Discharge by business combination	31.12.20
Land and buildings	4,403	-	(312)	-	240	4,331
Technical installations and other tangible fixed assets	100,493	16,443	(6,802)	3,232	886	114,252
Fixed assets under construction	1,976	1,510	-	(3,232)	-	254
<b>TOTAL COST</b>	<b>106,872</b>	<b>17,953</b>	<b>(7,114)</b>	<b>-</b>	<b>1,126</b>	<b>118,837</b>
Constructions	(2,099)	(82)	40	-	(239)	(2,380)
Technical installations and other tangible fixed assets	(70,968)	(6,827)	6,612	-	(627)	(71,810)
<b>TOTAL ACCUM. DEPRECIATION</b>	<b>(73,067)</b>	<b>(6,909)</b>	<b>6,652</b>	<b>-</b>	<b>(866)</b>	<b>(74,190)</b>
<b>TOTAL NET</b>	<b>33,805</b>	<b>11,044</b>	<b>(462)</b>	<b>-</b>	<b>260</b>	<b>44,647</b>

- Additions. The Company has recorded additions to property, plant and equipment amounting to 17,953 thousand euros, corresponding to assets used in contracts performed by the Company which are not concession contracts, as well as those acquired for those which, being concession contracts, do not revert to the granting bodies.
- Write-offs. These mainly relate to fully depreciated items written off from the balance sheet. The result recorded for disposals of property, plant and equipment under "Impairment and gains/losses on disposal of fixed assets" is a loss of 37 thousand euros (at 31 December 2019 a gain of 2,756 thousand euros was obtained).

## 6.2 Land and buildings

At 31 December 2021, the land represents an amount of 278 thousand euros in cost and 45 thousand euros in accumulated amortisation due to its reversion at the end of the concession contract (278 thousand euros in cost and 43 thousand euros in accumulated amortisation at 31 December 2020).

## 6.3 Balances arising from the integration of joint ventures

The balances at 31 December 2021 include and 10,762 thousand euros, 5,231 thousand euros corresponding to the cost and accumulated amortisation contributed by the joint ventures, respectively (7,899 thousand euros and 5,114 thousand euros, respectively, at 31 December 2020).

## 6.4 Fully depreciated items

At 31 December 2021 there are fully depreciated assets but still in use "Plant and equipment and other tangible fixed assets" with a carrying amount of 58,468 thousand euros (60,282 thousand euros at 31 December 2020).

## 6.5 Fixed assets located outside Spanish territory

At 31 December 2021, the Company has fixed assets outside Spain amounting 864 thousand euros in cost and 594 thousand euros in accumulated depreciation (702 thousand euros and 480 thousand euros, respectively, at 31 December 2020).

## 6.6 Insurance policies

It is the Company's policy to take out all insurance policies deemed necessary to cover possible risks that could affect property, plant and equipment.

## 6.7 Other information on property, plant and equipment

- In 2021 and 2020, no fixed assets were acquired from group companies.
- There are no commitments to acquire tangible fixed assets at the end of the two financial years.
- There are no tangible assets pledged as collateral for the Company's commitments.

## NOTE 7 LONG-TERM INVESTMENTS IN GROUP AND ASSOCIATED COMPANIES

### 7.1 Equity Instruments

Details and movements in this heading are as follows:

#### a) Change in 2021

	EQUITY INSTRUMENTS				
	<i>(Amounts in thousands of euros)</i>				
	<i>Change between 31 December 2020 and 2021</i>				
	BALANCE	(+)	(-)	(+/-)	BALANCE
	31.12.20	ADDITIONS	REDUCTIONS	TRANSFERS	31.12.21
Equity Instruments in Group Companies	399,619	4,989	(1,142)	-	403,466
Outstanding disbursements on shares in Group companies	(7,079)	-	4,000	-	(3,079)
Equity Instruments in Associated Companies	17,838	-	-	-	17,838
Outstanding disbursements on shares in Associated Companies	(182)	-	-	-	(182)
<b>Total</b>	<b>410,196</b>	<b>4,989</b>	<b>2,858</b>	-	<b>418,043</b>
Deteriorations	(53,162)	(7,702)	87	-	(60,778)
<b>TOTAL NET</b>	<b>357,034</b>	<b>2,713</b>	<b>2,945</b>	-	<b>357,265</b>

By heading, the most important movements recorded in 2021 are as follows:

- Equity instruments in Group companies.
  - 2,822 thousand euros for the subscription and payment of the capital increase carried out by Aqualia Latinoamérica, S.A. This company carries out its activity related to the integral water cycle in the department of Córdoba in Colombia.

- Additions amounting to 1,569 thousand euros for the incorporation of the company Aqualia Gestión Los Cabos, S.A. de C.V., domiciled in Los Cabos, Baja California Sur (Mexico). This company is 70% owned by FCC Aqualia, S.A. and the remaining 30% is owned by Aqualia México, S.A. de C.V. The purpose of the company is to renovate and improve the municipality's drinking water, sewerage and sanitation system.
- Additions amounting to 598 thousand euros for the subscription and payment of the capital increase carried out by Aqualia Villa del Rosario, S.A. This company carries out its activity related to the integral water cycle in the department of Norte de Santander (Colombia).
- Disposal of Euros 1,142 thousand due to the sale in Spain to the City Council of Alcázar de San Juan (Ciudad Real) of the Company's shareholding in Aguas de Alcázar, S.A., a mixed company.
- Impairment of 7,702 thousand euros in subsidiaries that are concessionaires of water contracts with a defined life.

b) Variation in 2020

<b>EQUITY INSTRUMENTS</b>						
<i>(Amounts in thousands of euros)</i>						
<i>Change between 31 December 2019 and 2020</i>						
	<b>BALANCE</b>	<b>(+)</b>	<b>(-)</b>	<b>(+/-)</b>	<b>(+/-)</b>	<b>BALANCE</b>
	<b>31.12.19</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>TRANSFERS</b>	<b>BUSINESS COMBINATION</b>	<b>31.12.20</b>
Equity Instruments in Group Companies	335.771	56.637	(1.985)	8.476	720	399.619
Outstanding disbursements on shares in Group companies	(27)	(9.755)	2.703	-	-	(7.079)
Equity Instruments in Associated Companies	22.124	-	(3)	(5.127)	844	17.838
Outstanding disbursements on shares in Associated Companies	(185)	-	3	-	-	(182)
<b>Total</b>	<b>357.683</b>	<b>46.882</b>	<b>718</b>	<b>3.349</b>	<b>1.564</b>	<b>410.196</b>
Deteriorations	(35.841)	(13.311)	226	(2.749)	(1.487)	(53.162)
<b>TOTAL NET</b>	<b>321.842</b>	<b>33.571</b>	<b>944</b>	<b>600</b>	<b>77</b>	<b>357.034</b>

By heading, the most important movements recorded in 2020 are as follows:

- Equity instruments in Group companies.
  - Additions amounting 20,946 thousand euros for the subscription of the capital increase carried out by Acque di Caltanissetta, S.p.a., of which an amount of 7,052 thousand euros was pending payment at 31 December 2020. This company carries out its activities related to the integral water cycle in the Italian province of the same name, which belongs to the region of Sicily.

- Additions amounting to 386 thousand euros for the acquisition from a third party of 2% of the share capital of Aquos El Realito, a company incorporated in Mexico for the construction, operation and maintenance of the El Realito aqueduct in San Luis de Potosí (Mexico), in which the Company already held a 44% interest. This percentage, together with the 5.99 % held by Aqualia Intech, S.A., gives it control over the investee and entails the transfer from "Equity instruments in joint ventures and associates" to "Equity instruments of group companies" of an amount of 5,127 thousand euros.
- Additions amounting to 12,914 thousand euros for the acquisition from a third party of 51 % of Qatarat Saqia desalination Company, a special purpose company incorporated in Saudi Arabia for the construction and operation of a desalination plant in Jeddah. As part of this operation, 51 % of the share capital of Haji Abdullah Alireza & Company Integrated Services, the company in charge of the maintenance of the plant, was also acquired from the same third party for 3,199 thousand euros. The collaboration agreements reached with this third party for these two purchase and sale operations include the granting of financing to both companies in proportion to our shareholding in them, amounting to 5,357 thousand euros (see note 7.2) and also the withholding of payment of the purchase amount of 4,294 thousand euros (see note 15.4 ) until the fulfilment of certain conditions precedent established in the agreements.
- A capital increase of 10,877 thousand euros for the incorporation and successive capital increase of Aqualia Latinoamérica, S.A. E.S.P., a company based in Colombia whose corporate purpose is the provision of residential public water supply, sewerage and sanitation services and in which the Company holds 94% of its share capital. The incorporated company has reached agreements with operators and local authorities of water contracts to become the assignee of these contracts and to be able to provide the service in the municipalities that were providing them.
- A capital increase of 665 thousand euros for 100 % of the capital paid up in the incorporation of Aqualia Villa del Rosario S.A.S. E.S.P., whose registered office is in Villa del Rosario, Norte de Santander department (Colombia) and whose purpose is to provide the public water supply and sewerage service in the aforementioned municipality.
- Capital increases of 1,251 thousand euros in the company Aqualia Portugal and 6,400 thousand euros in the companies AquaElvas and Aquafundalia. Aqualia Portugal was initially incorporated with a capital of 50 thousand euros paid up by FCC Aqualia, S.A. Subsequently, capital was increased in AquaElvas and Aquafundalia by 3,110 thousand euros and 3,290 thousand euros, respectively, through the capitalisation of loans previously granted by the Company. Subsequently, the Company made a non-monetary contribution to Aqualia Portugal of the shares it held in AquaElvas and Aquafundalia amounting to 3,512 thousand euros and 3,800 thousand euros, respectively. In addition to the above, in order to record the transaction at the same amount as in the consolidated balance sheet, the Company has recorded an amount of 1,201 thousand euros as an increase in the value of the shareholding, leaving it valued at 8,563 thousand euros at year-end.

- Additions of 0.004 thousand euros for the acquisition from a third party of a share representing 0.0018 % of the share capital of Ecosistema de Morelos, with Aqualia México, S.A. de C.V. acquiring the remaining percentage of the share capital. Ecosistema de Morelos is a company whose corporate purpose is the construction, operation and maintenance of the Acapatzingo wastewater treatment plant in Cuernavaca de Morelos (Mexico).
  - 1,383 thousand euros for the business combination carried out during the year with its subsidiary Agua y Gestión Ciclo Integral S.L.U., in which it owned 100% of the share capital (see Note 2.8).
  - Disposal of 461 thousand euros in the shareholding in Aigües de Vallirana, S.A.U. and 141 thousand euros in the shareholding in Sociedad Española de Aguas Filtradas, S.A. due to the distribution of reserves approved by both subsidiaries corresponding to amounts prior to the acquisition of both companies by FCC Aqualia.
  - Transfer of 3,349 thousand euros in cost and 2,749 thousand euros in impairment due to the contribution of shareholders through the capitalisation of an existing loan to FCC Aqualia América, S.A.U. in order to re-establish the company's equity balance. Its main activity is the holding of a stake in a subsidiary in the United States.
- Equity instruments in associates
    - Derecognition of 3 thousand euros for the settlement in December 2020 of the AIE Tordera Economic Interest Grouping, which was responsible for the construction and operation of the desalination plant in the town of Tordera and whose contract has been terminated.
    - Transfer of 5,127 thousand euros to equity instruments in group companies for the reclassification of the Company's stake in Aquos El Realito, as mentioned above.
  - Impairments
    - Impairment loss recognised for 13,310 thousand euros in subsidiaries that are concessionaires of water contracts with a defined life.
- c) Outstanding disbursements on shares in group and associated companies in the balance sheet at 31 December 2021 and 2020 are as follows:

<b>OUTSTANDING DISBURSEMENTS ON GROUP COMPANIES</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Compañía Onubense de Aguas, S.A.	27	27
Acque di Caltanissetta, S.p.a.	3,052	7,052
<b>TOTAL</b>	<b>3,079</b>	<b>7,079</b>

<b>DISBURSEMENTS OUTSTANDING ON ASSOCIATED COMPANIES</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Aigües del Segarra Garrigues, S.A.	150	150
Sera Q.A. Duitama ESP., S.A.	27	27
Orasqualia O & M	5	5
<b>TOTAL</b>	<b>182</b>	<b>182</b>

d) Details of equity instruments in Group companies. Details of the balance at 31 December 2020 and 2021 are shown below:

**EQUITY INSTRUMENTS IN GROUP COMPANIES 2021**  
(Amounts in thousands of euros)

<b>PARTNERSHIPS</b>	<b>ACTIVITY</b>	<b>INVESTMENT</b>	<b>PROVISION</b>	<b>NET COST</b>
<b>FCC Aqualia América, S.A.U.</b> C/ Uruguay, 11 - Vigo (PONTEVEDRA)	Water Cycle Management	3,950	(3,950)	-
<b>Aquajerez, S.L.</b> Pol.Ind.Ronda Oeste, 24 Jerez de la Frontera (CADIZ)	Water Cycle Management	28,859	(6,162)	22,697
<b>Aqua Campiña, S.A.</b> C/Blas Infante, 6 - Écija (SEVILLA)	Water Cycle Management	541	-	541
<b>Acque di Caltanissetta, S. p.a.</b> Viale Sicilia 176 93100 Caltanissetta - ITALY	Water Cycle Management	39,755	(15,152)	24,603
<b>Water Sur, S.L.</b> Urbanización Las Bugambillas, 13 - Vera (Almería)	Water Cycle Management	144	(144)	-
<b>Flores, Rebollo y Morales, S.L.</b> Urbanización Las Bugambillas, 13 - Vera (Almería)	Water Cycle Management	576	(576)	-
<b>Aguas de las Galeras, S.L.</b> Avda. Camino de Santiago, 40 - MADRID	Water Cycle Management	1	-	1
<b>Compañía Onubense de Aguas, S.A.</b> C/ Martín Alonso Pinzón, 8 - HUELVA	Water Cycle Management	36	(9)	27
<b>Depurplan 11, S.A.U.</b> C/ San Miguel, 1 - ZARAGOZA	Water treatment and purification	4,700	-	4,700
<b>Empresa Mixta de Butarque, S.A.</b> C/ Princesa, 3 - MADRID	Water Cycle Management	84	(84)	-
<b>Servicios Hídricos Agricultura y Ciudad, S.L.U.</b> C/ Alfonso XIII - Sabadell (BARCELONA)	Holding company	3	(3)	-
<b>Sociedad Ibérica del Agua, S.A.U.</b> C/Federico Salmón, 13 - MADRID	Water Cycle Management	60	-	60
<b>Tratamiento Industrial del Agua, S.A.</b> C/Federico Salmón, 13 - MADRID	Drainage and Purification	652	-	652
<b>Hidrotec Water Technology, S.L.U.</b> C/Pinzel, 25 - SEVILLA	Laboratories and services	32	-	32
<b>Empresa Gestora de Aguas Linenses, S.L.</b> C/Federico Salmón, 13 - MADRID	Water Cycle Management	2	-	2
<b>Entemanser, S.A.</b> C/Castillo, 13 - ADEJE (SANTA CRUZ DE TENERIFE)	Water Cycle Management	63,953	(21,913)	42,040
<b>Infraestructuras y Distribución General de Agua, S.L.</b> C/La Presa, 14 - Tijoco Bajo-ADEJE (S. C.TENERIFE)	Participation and execution of works	8,665	(1,262)	7,403
<b>Sociedad Española de Aguas Filtradas, S.A.</b> Avda. Camino de Santiago, 40 - MADRID	Water purification	1,296	-	1,296
<b>Aqualia Intech, S.A.</b> Avda. Camino de Santiago, 40 - MADRID	Specialised construction	10,745	-	10,745
<b>Aqualia México, S.A. de C.V.</b> C/ Carrizal, 33 - Santiago de Querétaro (MEXICO)	Water works and services	1	-	1
<b>Aqualia Czech, S.L.U.</b> Avda. Camino de Santiago, 40 - MADRID	Water Cycle Management	118,779	-	118,779
<b>Aqualia MACE LLC</b> P. O Box 105547 Abu Dhabi (UNITED ARAB EMIRATES)	O&M Depuration	15	-	15
<b>Aqualia New Europe B.V.</b> C/Calude Debussylann, 24 - Amsterdam (DUTCH)	Portfolio holdings	15,538	(3,887)	11,651
<b>Aigües de Vallirana, S.A.</b> C/ Conca de Tremp, 14 - Vallirana (BARCELONA)	Water Cycle Management	3,241	(3,118)	123
<b>Aquamaior - Aguas de Campo Maior, S.A.</b> Rua Mayor Talaya, 28 - Campo Maior (PORTUGAL)	Water Cycle Management	875	(452)	423
<b>Abrantaqua, S.A.</b> Lena Park - Alferrarede Abrantes (PORTUGAL)	Water Cycle Management	190	-	190
<b>Conservación y Sistemas, S.A.</b> C/Federico Salmón, 13-MADRID	Infrastructure maintenance	1,558	-	1,558
<b>Cartagua, Aguas Do Cartaxo, S.A.</b> Z. Industrial do Cartaxo, lote 20 - CARTAXO (PORTUGAL)	Treatment and purification	1,110	-	1,110
<b>Aqualia desalación Guaymas S.A. de C.V.</b> Avenida 5 de Febrero Nº 1351, ROBLE 304 - QUERÉTARO (MEXICO)	Construction and operation	2,358	-	2,358
<b>Aqualia Infraestructuras Inzenyring</b> Mariensské Hory, Slavnikovcu 571/21- Ostrava (CZECH REPUBLIC)	Specialised construction	9,065	-	9,065
<b>Aguos El Realito, S.A. de C.V.</b> B.Manuel Avila Camacho, nº36 - piso5 - Col. Lomas de Chapultepec México	Construction and explot. Aqueduct	5,512	-	5,512
<b>Shariket Thalya Miyah Mostaganem</b> Cité Abdou Ilot, 36 - Dar el Beida (ALGERIA)	Construction and operation of desalination plants	8,308	-	8,308
<b>H.A.A. &amp; Co Integrated Serv</b> Corniche road - Jeddah (SAUDI ARABIA)	Infrastructure maintenance	3,199	(159)	3,040
<b>Qatarat Saquia Desalination</b> Corniche road - Jeddah (SAUDI ARABIA)	Construction and operation of desalination plants	12,914	-	12,914
<b>Aqualia Gestión Los Cabos, S.A. de C.V.</b> Los Cabos - Baja California Sur (Mexico)	Modernisation of water networks	1,569	-	1,569

**EQUITY INSTRUMENTS IN GROUP COMPANIES 2021**

(Amounts in thousands of euros)

<b>Aqualia Latinoamérica, S.A.</b> Bogotá (COLOMBIA)	Water Cycle Management	13,699	-	13,699
<b>Aqualia Villa del Rosario, S.A.</b> C/ 4, número 6-104 - Villa del Rosario (COLOMBIA)	Water Cycle Management	1,263	-	1,263
<b>Aqualia Portugal</b> Rua Camino Castelo Branco, 2 - Lisboa (PORTUGAL)	Water Cycle Management	8,563	-	8,563
<b>Aqualia France</b> 65, rue Monceau - Paris (FRANCE)	Water Cycle Management	31,655	(2,032)	29,623
<b>TOTAL</b>		<b>403,466</b>	<b>(58,903)</b>	<b>344,563</b>

**EQUITY INSTRUMENTS IN GROUP COMPANIES 2020**

(Amounts in thousands of euros)

<b>PARTNERSHIPS</b>	<b>ACTIVITY</b>	<b>INVESTMENT</b>	<b>PROVISION</b>	<b>NET COST</b>
<b>FCC Aqualia América, S.A.U.</b> C/ Uruguay, 11 - Vigo (PONTEVEDRA)	Water Cycle Management	3,950	(3,950)	-
<b>Aqajerez, S.L.</b> Pol.Ind.Ronda Oeste, 24 Jerez de la Frontera (CADIZ)	Water Cycle Management	28,859	(3,130)	25,729
<b>Aqua Campiña, S.A.</b> C/Blas Infante, 6 - Écija (SEVILLA)	Water Cycle Management	541	-	541
<b>Acque di Caltanissetta, S. p.a.</b> Viale Sicilia 176 93100 Caltanissetta - ITALY	Water Cycle Management	39,755	(15,152)	24,603
<b>Water Sur, S.L.</b> Urbanización Las Bugambillas, 13 - Vera (Almería)	Water Cycle Management	144	(144)	-
<b>Flores, Rebola y Morales, S.L.</b> Urbanización Las Bugambillas, 13 - Vera (Almería)	Water Cycle Management	576	(576)	-
<b>Aguas de Alcázar Empresa Mixta, S.A.</b> C/ Rondilla Cruz Verde, 1 - Alcázar de San Juan (CIUDAD REAL)	Water Cycle Management	1,142	(28)	1,114
<b>Aguas de las Galeras, S.L.</b> Avda. Camino de Santiago, 40 - MADRID	Water Cycle Management	1	-	1
<b>Compañía Onubense de Aguas, S.A.</b> C/ Martín Alonso Pinzón, 8 - HUELVA	Water Cycle Management	36	(9)	27
<b>Depurplan 11, S.A.U.</b> C/ San Miguel, 1 - ZARAGOZA	Water treatment and purification	4,700	-	4,700
<b>Empresa Mixta de Butarque, S.A.</b> C/ Princesa, 3 - MADRID	Water Cycle Management	84	(84)	-
<b>Servicios Hídricos Agricultura y Ciudad, S.L.U.</b> C/ Alfonso XIII - Sabadell (BARCELONA)	Holding company	3	(3)	-
<b>Sociedad Ibérica del Agua, S.A.U.</b> C/Federico Salmón, 13 - MADRID	Water Cycle Management	60	-	60
<b>Tratamiento Industrial del Agua, S.A.</b> C/Federico Salmón, 13 - MADRID	Drainage and Purification	652	-	652
<b>Hidrotec Water Technology, S.L.U.</b> C/Pinzel, 25 - SEVILLA	Laboratories and services	32	-	32
<b>Empresa Gestora de Aguas Linenses, S.L.</b> C/Federico Salmón, 13 - MADRID	Water Cycle Management	2	-	2
<b>Entemanser, S.A.</b> C/Castillo, 13 - ADEJE (SANTA CRUZ DE TENERIFE)	Water Cycle Management	63,953	(18,442)	45,511
<b>Infraestructuras y Distribución General de Agua, S.L.</b> C/La Presa, 14 - Tijoco Bajo-ADEJE (S. C.TENERIFE)	Participation and execution of works	8,665	(1,200)	7,465
<b>Sociedad Española de Aguas Filtradas, S.A.</b> Avda. Camino de Santiago, 40 - MADRID	Water purification	1,296	-	1,296
<b>Aqualia Intech, S.A.</b> Avda. Camino de Santiago, 40 - MADRID	Specialised construction	10,745	-	10,745
<b>Aqualia México, S.A. de C.V.</b> C/ Carrizal, 33 - Santiago de Querétaro (MEXICO)	Water works and services	1	-	1
<b>Aqualia Czech, S.L.U.</b> Avda. Camino de Santiago, 40 - MADRID	Water Cycle Management	118,779	-	118,779
<b>Aqualia MACE LLC</b> P.O Box 105547 Abu Dhabi (UNITED ARAB EMIRATES)	O&M Depuration	15	-	15
<b>Aqualia New Europe B.V.</b> C/Calude Debussylonn, 24 - Amsterdam (DUTCH)	Portfolio holdings	15,538	(3,614)	11,924
<b>Aigües de Vallirana, S.A.</b> C/ Conca de Tremp, 14 - Vallirana (BARCELONA)	Water Cycle Management	3,241	(3,118)	123
<b>Aquamaior - Aguas de Campo Maior, S.A.</b> Rua Mayor Talaya, 28 - Campo Maior (PORTUGAL)	Water Cycle Management	875	(440)	435
<b>Abrantaqua, S.A.</b> Lena Park - Alferrarede Abrantes (PORTUGAL)	Water Cycle Management	190	-	190
<b>Conservación y Sistemas, S.A.</b> C/Federico Salmón, 13-MADRID	Infrastructure maintenance	1,558	-	1,558
<b>Cartago, Aguas Do Cartaxo, S.A.</b> Z. Industrial do Cartaxo, lote 20 - CARTAXO (PORTUGAL)	Treatment and purification	1,110	-	1,110
<b>Aqualia desalación Guaymas S.A. de C.V.</b> Avenida 5 de Febrero N° 1351, ROBLE 304 - QUERÉTARO (MEXICO)	Construction and operation	2,358	-	2,358
<b>Aqualia Infraestructuras Inzenyring</b> Marienské Hory, Slavnikovcu 571/21- Ostrava (CZECH REPUBLIC)	Specialised construction	9,065	-	9,065
<b>Aquos El Realito, S.A. de C.V.</b>		5,512	-	5,512

**EQUITY INSTRUMENTS IN GROUP COMPANIES 2020**  
(Amounts in thousands of euros)

<i>B.Manuel Avila Camacho, nº36 - piso5 - Col. Lomas de Chapultepec México</i>	Construction and exploit. Aqueduct			
<i>Shariket Thalya Miyah Mostaganem</i>	Construction and operation of desalination plants	8,308	-	8,308
<i>Cité Abdani Ilot, 36 - Dar el Beida (ALGERIA)</i>	Infrastructure maintenance	3,199	-	3,199
<i>H.A.A. &amp; Co Integrated Serv</i>				
<i>Corniche road - Jeddah (SAUDI ARABIA)</i>	Construction and operation of desalination plants	12,914	-	12,914
<i>Qatarat Saquia Desalination</i>	Water Cycle Management	10,877	-	10,877
<i>Corniche road - Jeddah (SAUDI ARABIA)</i>				
<i>Aqualia Latinoamérica, S.A.</i>				
<i>Bogotá (COLOMBIA)</i>	Water Cycle Management	665	-	665
<i>Aqualia Villa del Rosario, S.A.</i>				
<i>C/ 4, número 6-104 - Villa del Rosario (COLOMBIA)</i>				
<i>Aqualia Portugal</i>	Water Cycle Management	8,563	-	8,563
<i>Rua Camino Castelo Branco, 2 - Lisboa (PORTUGAL)</i>				
<i>Aqualia France</i>	Water Cycle Management	31,655	(2,032)	29,623
<i>65, rue Monceau - Paris (FRANCE)</i>				
<b>TOTAL</b>		<b>399,619</b>	<b>(51,922)</b>	<b>347,696</b>

The balance sheets of these companies at 31 December 2021 and 2020 showed the following balance sheet data. None of these companies is listed on the stock exchange and none of them generated results from discontinued operations.

**EQUITY DATA OF GROUP COMPANIES 2021**  
(Amounts in thousands of euros)

PARTNERSHIPS	CAPITAL	Reserves and other equity items	Operating Profit	Profit/Loss 2021		% Share
				P&L Continuing Operations	PAT	
Abrantaqua, S.A.	500	2,401	637	385	385	60,00%
Acque di Caltanissetta, S.p.a.	24,500	3,546	2,774	1,033	1,033	99,56%
Aguas de Alcázar Empresa Mixta, S.A.	0	0	1,253	844	844	52,38%
Aguas de las Galeras, S.L.	3	586	1,177	539	539	51,00%
Aigües de Vallirana, S.A. (*)	102	709	452	338	338	100,00%
Aqua Campiña, S.A.	601	312	322	192	192	90,00%
Aquajerez, S.L.	3	3,103	6,308	3,010	3,010	100,00%
Aqualia Czech, S.L.U.	69,302	17,708	(80)	10,923	10,923	100,00%
Aqualia Desalación Guaymas, S.A. de C.V.	3,369	6,869	2,728	3,310	3,310	70,00%
Aqualia France	400	10,630	(2,078)	2,754	2,754	100,00%
Aqualia Gestion los Cabos SACV	2,285	58	(1)	9	9	70,00%
Aqualia Infraestructuras Inzenyering	64	3,148	3,674	2,967	2,967	49,00%
Aqualia Intech, S.A.	1,200	35,142	2,273	538	538	99,99%
Aqualia Latinoamérica, S.A.	14,573	(2,657)	(116)	(579)	(579)	94,00%
Aqualia MACE	30	3,256	2,982	2,984	2,984	51,00%
Aqualia México, S.A. de C.V.	8,070	994	(2,647)	(2,322)	(2,322)	0,01%
Aqualia New Europe B.V.	16,000	(4,349)	(4)	2,253	2,253	100,00%
Aqualia Portugal	22,518	(36)	(18)	(8)	(8)	100,00%
Aqualia Villa del Rosario S.A.	1,330	(319)	226	(92)	(92)	95,00%
Aquamaior - Aguas de Campo Maior, S.A.	50	373	7	(11)	(11)	100,00%
Aquos El Realito, S.A. DE CV	11,651	3,045	5,552	362	362	46,00%
Cartagua, Aguas do Cartaxo, S.A.	1,850	729	424	147	147	60,00%
Compañía Onubense de Aguas, S.A. (*)	60	(72)	0	0	0	60,00%
Conservación y Sistemas, S.A.	300	1,513	(58)	(8)	(8)	99,99%
Depurplan 11, S.A.U.	4,700	1,170	1,023	719	719	100,00%
Ecosistema de Morelos S.A. DE C.V.	1,296	836	1,174	512	512	0,00%
Empresa Gestora de Aguas Linenses, S.L.	3	2,639	1,938	1,345	1,345	52,33%
Empresa Mixta de Butarque, S.A. (*)	120	(120)	0	0	0	70,00%
Entemanser, S.A.	2,137	13,366	3,365	2,714	2,714	97,00%
FCC Aqualia América, S.A.U. (*)	601	(1,300)	0	(417)	(417)	100,00%
Flores, Rebollo y Morales, S.L.	18	12	0	(18)	(18)	60,00%
H.A.A. & CO. Integrated Serv	1,187	2,923	370	273	273	51,00%
Hidrotec Water Technology, S.L.U.	3	15,628	4,654	3,503	3,503	100,00%
Infraestructuras y Dist. General del Agua, S.L. (*)	63	4,205	389	340	340	100,00%
Qatarat Saquia Desalination	4,985	18,597	6,000	3,671	3,671	51,00%
Sociedad Española de Aguas Filtradas, S.A.	1,087	2,543	1,657	1,178	1,178	99,99%
Servicios Hídricos Agricultura y Ciudad S.L.	3	(313)	(215)	(161)	(161)	100,00%
Shariket Thalya Miyah Mostaganem	32,579	105,021	18,931	15,013	15,013	25,50%
Sociedad Ibérica del Agua, S.A.U. (*)	60	193	102	77	77	100,00%
Tratamiento Industrial de Aguas, S.A.	656	15,380	8,508	6,603	6,603	99,99%
Water Sur, S.L.	6	(44)	28	28	28	60,00%

(\*) Unaudited data as at 31 December 2021.



**2020 GROUP COMPANIES' ASSET AND LIABILITY DATA**  
(Amounts in thousands of euros)

PARTNERSHIPS	CAPITAL	Reserves and other equity items	Operating profit	Result 2020		% Share
				P&L Continuing Operations	PAT	
Abrantaqua, S.A.	500	2,016	746	457	457	60,00%
Acque di Caltanissetta, S.p.a.	24,500	(1,487)	925	294	294	99,56%
Aguas de Alcázar Empresa Mixta, S.A.	126	460	816	435	435	52,38%
Aguas de las Galeras, S.L.	3	502	1,175	455	455	51,00%
Aigües de Vallirana, S.A. (*)	102	371	355	351	351	100,00%
Aqua Campiña, S.A.	601	316	328	195	195	90,00%
Aquajerez, S.L.	3	2,362	6,222	3,032	3,032	100,00%
Aqualia Czech, S.L.U.	69,302	17,829	(14)	10,902	10,902	100,00%
Aqualia Desalación Guaymas, S.A. de C.V.	3,072	3,381	2,407	2,057	2,057	70,00%
Aqualia France	400	7,876	-879	7,835	7,835	100,00%
Aqualia Infraestructuras Inzenyring	62	2,637	3,119	2,520	2,520	49,00%
Aqualia Intech, S.A.	1,200	35,091	7,319	5,614	5,614	99,99%
Aqualia Latinoamérica, S.A.	11,268	(843)	(716)	(843)	(843)	94,00%
Aqualia MACE	33	1,511	2,681	2,678	2,678	51,00%
Aqualia México, S.A. de C.V.	5,606	5,365	(983)	(1,201)	(1,201)	0,01%
Aqualia New Europe B.V.	16,000	(6,603)	(65)	(94)	(94)	100,00%
Aqualia Portugal	22,518	(28)	(28)	(28)	(28)	100,00%
Aqualia Villa del Rosario S.A.	744	(186)	(157)	(186)	(186)	95,00%
Aquamaior - Aguas de Campo Maior, S.A.	50	385	112	55	55	100,00%
Aquos El Realito, S.A. DE CV	7,926	2,215	5,608	1,410	1,410	46,00%
Cartagua, Aguas do Cartaxo, S.A.	1,850	582	453	153	153	60,00%
Compañía Onubense de Aguas, S.A. (*)	60	(72)	-	-	-	60,00%
Conservación y Sistemas, S.A.	300	1,717	215	197	197	99,99%
Depurplan 11, S.A.U.	4,700	1,067	992	684	684	100,00%
Ecosistema de Morelos S.A. DE C.V.	1,127	382	729	428	428	0,00%
Empresa Gestora de Aguas Linenses, S.L.	3	1,294	661	261	261	52,33%
Empresa Mixta de Butarque, S.A. (*)	120	(120)	-	-	-	70,00%
Entemanser, S.A.	2,137	14,229	4,416	3,578	3,578	97,00%
FCC Aqualia América, S.A.U. (*)	601	(883)	-	(883)	(883)	100,00%
Flores, Rebollo y Morales, S.L.	18	29	-	-	-	60,00%
H.A.A. & CO. Integrated Serv	1,089	2,434	82	(73)	(73)	51,00%
Hidrotec Water Technology, S.L.U.	3	12,124	2,495	1,867	1,867	100,00%
Infraestructuras y Dist. General del Agua, S.L. (*)	63	3,971	121	106	106	100,00%
Qatarat Saquia Desalination	4,574	13,317	5,758	3,450	3,450	51,00%
Sociedad Española de Aguas Filtradas, S.A.	1,087	1,365	1,579	1,142	1,142	99,99%
Servicios Hidricos Agricultura y Ciudad S.L.	3	(152)	(490)	(439)	(439)	100,00%
Sharikeet Tahlya Miyah Mostaganem	19,593	99,529	13,496	13,516	13,516	25,50%
Sociedad Ibérica del Agua, S.A.U. (*)	60	192	101	76	76	100,00%
Tratamiento Industrial de Aguas, S.A.	656	8,777	11,320	8,644	8,644	99,99%
Water Sur, S.L.	6	(72)	26	26	26	60,00%

(\*) Unaudited data as at 31 December 2020

e) Details of equity instruments in associates. Details of the balance at 31 December 2021 and 31 December 2020 are presented below:

<b>EQUITY INSTRUMENTS IN ASSOCIATES 2021</b> (Amounts in thousands of euros)					
PARTNERSHIPS	ACTIVITY	INVESTMENT	PROVISION	NET	
<b>Aguas de Denia, S.A.</b> Pedro Esteve, 17 - Denia (ALICANTE)	Water Cycle Management	400	-	400	
<b>Aguas de Archidona, S.L.</b> Pza. Ochavada, 1 - Archidona (MÁLAGA)	Water Cycle Management	72	-	72	
<b>Aigües del Vendrell, S.A.</b> c/ Vella, 1 - El Vendrell (TARRAGONA)	Water Cycle Management	490	-	490	
<b>Aguas de Narixa, S.A.</b> C/Málaga, 11 - Nerja (MÁLAGA)	Water Cycle Management	300	-	300	
<b>Concesionaria de Desalación de Ibiza, S.A.</b> Rotonda de Sta. Eulalia, s/n - Ibiza (BALEARIC ISLANDS)	Operation of desalination plants	1,082	-	1,082	
<b>AIE Costa Tropical de Granada</b> Plaza Aurora, s/n - Motril (GRANADA)	Water Cycle Management	828	-	828	
<b>Aguas de Guadix, S.A.</b> C/ Córdoba, 5 - Guadix (ALMERÍA)	Water Cycle Management	844	(655)	189	
<b>Compañía de Servicios Medioambientales do Atlántico, S.A.</b> Carretera de Cedeira, km1 - Narón (LA CORUÑA)	Water Cycle Management	294	-	294	
<b>EMANAGUA - Empresa Municipal de Aguas de Níjar, S.A.</b> Plaza de la Glorieta, 1 - Níjar (ALMERÍA)	Water Cycle Management	221	-	221	
<b>Empresa Municipal Aguas de Algeciras, S.A.</b> C/Virgen del Carmen, s/n - Algeciras (CÁDIZ)	Water Cycle Management	442	(279)	163	
<b>Empresa Municipal de Aguas de Linares, S.A.</b> C/ Cid Campeador, 7 - Linares (JAÉN)	Water Cycle Management	147	-	147	
<b>Empresa Municipal Aguas de Benalmádena, S.A.</b> Expl. Ap. Tívoli, s/n - Arroyo de la Miel (MÁLAGA)	Water Cycle Management	1,310	(40)	1,270	
<b>Empresa Municipal Aguas de Toxiría, S.A.</b> Plaza de la Constitución - Torredonjimeno (JAÉN)	Water Cycle Management	118	(12)	106	
<b>Aigües del Segarra Garrigues, S.A.</b> C/Santa Clara, 4 - Tárrega (LÉRIDA)	Construction and operation of irrigation systems	309	-	309	
<b>Girona, S.A.</b> Travesía del Carril, 2 - GERONA	Water Cycle Management	365	-	365	
<b>New Company of Aguas de Ibiza, S.A.</b> C/Bartolomé Rosselló, 18 - (IBIZA)	Water Cycle Management	28	-	28	
<b>Orasqualia O-M</b> Nile City Towers - Cairo (EGYPT)	Sewage treatment plant maintenance	1,508	-	1,508	
<b>Sera.Q.A. Duitama, S.A.</b> (COLOMBIA)	Water Cycle Management	94	(67)	27	
<b>Suministros Aguas de Querétaro, S.A. de C.V.</b> Santiago de Querétaro - Querétaro Arteaga (MEXICO)	Water Cycle Management	182	-	182	
<b>IEA Aquagest Environment-Aqualia</b> C/Condado de Jaruco, s.n. - Lloret de Mar (GERONA)	Holding of shares and carrying out studies	240	-	240	
<b>Codeur, S.A.</b> C/Mayor, 22 - Vera (ALMERÍA)	Water Cycle Management	6,500	(543)	5,957	
<b>Aguas de Langreo, S.L.</b> C/Alonso del Riesgo, 3 - Langreo (ASTURIAS)	Water Cycle Management	882	-	882	
<b>A.I.E. Costa Brava Abastament Aqualia - Sorea</b> Sector Carlit, s/nº - 17487 EMPURIABRAVA (GERONA)	Upstream water supply	78	-	78	
<b>Aguas de Priego, S.L.</b> Pz. De La Constitución, 3 - 14800 PRIEGO DE CÓRDOBA (CÓRDOBA)	Water Cycle Management	245	(245)	-	
<b>Empresa Mixta de Aguas de Jódar, S.A.</b> Pz. De España, 1 - 23500 JÓDAR (JAEN)	Water Cycle Management	73	(35)	38	
<b>Empresa Mixta de Aguas de Ubrique, S.A.</b> C/JUZGADO S/N - 11600 - UBRIQUE (CÁDIZ)	Water Cycle Management	73	-	73	
<b>Oman Sustainable Water Services SAOC</b> Batinah Highway - 322 - SOHAR (OMAN)	Construction and operation of desalination plants	713	-	713	
<b>TOTAL</b>		<b>17,838</b>	<b>(1,876)</b>	<b>15,962</b>	

<b>EQUITY INSTRUMENTS IN ASSOCIATES 2020</b>					
<i>(Amounts in thousands of euros)</i>					
<b>PARTNERSHIPS</b>	<b>ACTIVITY</b>	<b>INVESTMENT</b>	<b>PROVISION</b>	<b>NET</b>	
<b>Aguas de Denia, S.A.</b> Pedro Esteve, 17 - Denia (ALICANTE)	Water Cycle Management	400	-	400	
<b>Aguas de Archidona, S.L.</b> Pza. Ochavada, 1 - Archidona (MÁLAGA)	Water Cycle Management	72	(52)	20	
<b>Aigües del Vendrell, S.A.</b> c/ Vella, 1 - El Vendrell (TARRAGONA)	Water Cycle Management	490	-	490	
<b>Aguas de Narixa, S.A.</b> C/Málaga, 11 - Nerja (MÁLAGA)	Water Cycle Management	300	-	300	
<b>Concesionaria de Desalación de Ibiza, S.A.</b> Rotonda de Sta. Eulalia, s/n - Ibiza (BALEARIC ISLANDS)	Operation of desalination plants	1,082	-	1,082	
<b>AIE Costa Tropical de Granada</b> Plaza Aurora, s/n - Motril (GRANADA)	Water Cycle Management	828	-	828	
<b>Aguas de Guadix, S.A.</b> C/ Córdoba, 5 - Guadix (ALMERÍA)	Water Cycle Management	844	(493)	351	
<b>Compañía de Servicios Medioambientales do Atlántico, S.A.</b> Carretera de Cedeira, km1 - Narón (LA CORUÑA)	Water Cycle Management	294	-	294	
<b>EMANAGUA - Empresa Municipal de Aguas de Níjar, S.A.</b> Plaza de la Glorieta, 1 - Níjar (ALMERÍA)	Water Cycle Management	221	-	221	
<b>Empresa Municipal Aguas de Algeciras, S.A.</b> C/Virgen del Carmen, s/n - Algeciras (CÁDIZ)	Water Cycle Management	442	(288)	154	
<b>Empresa Municipal de Aguas de Linares, S.A.</b> C/ Cid Campeador, 7 - Linares (JAEN)	Water Cycle Management	147	-	147	
<b>Empresa Municipal Aguas de Benalmádena, S.A.</b> Expl. Ap.Tívoli, s/n - Arroyo de la Miel (MÁLAGA)	Water Cycle Management	1,310	-	1,310	
<b>Empresa Municipal Aguas de Toxiria, S.A.</b> Plaza de la Constitución - Torredonjimeno (JAÉN)	Water Cycle Management	118	(27)	91	
<b>Aigües del Segarra Garrigues, S.A.</b> C/Santa Clara, 4 - Tárrega (LÉRIDA)	Construction and operation of irrigation systems	309	-	309	
<b>Girona, S.A.</b> Travesía del Carril, 2 - GERONA	Water Cycle Management	365	-	365	
<b>New Company of Aguas de Ibiza, S.A.</b> C/Bartolomé Rosselló, 18 - (IBIZA)	Water Cycle Management	28	-	28	
<b>Orasqualia O-M</b> Nile City Towers - Cairo (EGYPT)	Sewage treatment plant maintenance	1,508	-	1,508	
<b>Sera.Q.A. Duitama, S.A.</b> (COLOMBIA)	Water Cycle Management	94	(67)	27	
<b>Suministros Aguas de Querétaro, S.A. de C.V.</b> Santiago de Querétaro - Querétaro Arteaga (MEXICO)	Water Cycle Management	182	-	182	
<b>IEA Aquagest Environment-Aqualia</b> C/Condado de Jaruco, s.n. - Lloret de Mar (GERONA)	Holding of shares and carrying out studies	240	-	240	
<b>Codeur, S.A.</b> C/Mayor, 22 - Vera (ALMERÍA)	Water Cycle Management	6,500	(10)	6,490	
<b>Aguas de Langreo, S.L.</b> C/Alonso del Riesgo, 3 - Langreo (ASTURIAS)	Water Cycle Management	882	-	882	
<b>A.I.E. Costa Brava Abastament Aqualia - Sorea</b> Sector Carlit, s/nº - 17487 EMPURIABRAVA (GERONA)	Upstream water supply	78	-	78	
<b>Aguas de Priego, S.L.</b> Pz. De La Constitución, 3 - 14800 PRIEGO DE CÓRDOBA (CÓRDOBA)	Water Cycle Management	245	(245)	-	
<b>Empresa Mixta de Aguas de Jódar, S.A.</b> Pz. De España, 1 - 23500 JÓDAR (JAEN)	Water Cycle Management	73	(57)	17	
<b>Empresa Mixta de Aguas de Ubrique, S.A.</b> C/JUZGADO S/N - 11600 - UBRIQUE (CÁDIZ)	Water Cycle Management	73	-	73	
<b>Oman Sustainable Water Services SAOC</b> Batinah Highway - 322 - SOHAR (OMAN)	Construction and operation of desalination plants	713	-	713	
<b>TOTAL</b>		<b>17,838</b>	<b>(1,239)</b>	<b>16,600</b>	

The balance sheet data of these companies as at 31 December 2021 and 2020 are presented below. None of these companies is listed on the stock exchange and none of them generated any income from discontinued operations in the years 2021 and 2020.

EQUITY DATA OF ASSOCIATED COMPANIES 2021						
<i>(Amounts in thousands of euros)</i>						
PARTNERSHIPS	CAPITAL	Reserves and other equity items	P&L 2021			
			Operating profit	P&L Continuing Operations	PAT	Participation
Aguas de Archidona, S.L.	150	5	40	12	12	48,00%
Aguas de Denia, S.A. (*)	425	1,124	112	84	84	33,00%
Aguas de Guadix, S.A.	200	272	230	173	173	40,00%
Aguas de Langreo, S.L.	1,800	199	97	(57)	(57)	49,00%
Aguas de Narixa, S.A.	600	250	193	2	2	50,00%
Aguas de Priego, S.L.	500	(1,081)	22	(135)	(135)	49,00%
AIE Gestion Servicios Hidráulicos Ciudad Real (*)	0	0	69	147	147	75,00%
AIE Costa Brava Abastament Aqualia - Sorea	156	0	(3)	259	259	50,00%
AIE Costa Tropical de Granada	0	1,622	2,763	1,354	1,354	51,00%
AIE SOREA Aqualia (*)	0	404	(1)	254	254	37,50%
Aigües del Segarra Garrigues, S.A.	30,000	(1,125)	1,702	1,091	1,091	1,00%
Aigües del Vendrell, S.A. (*)	1,000	27	216	(38)	(38)	49,00%
Cía. de Serv. Medioambientales do Atlántico, S.A.	601	450	29	9	9	49,00%
CODEUR, S.A.	200	1,730	884	723	723	28,00%
Concesionaria de Desalación de Aguas de Ibiza, S.A.	1,850	555	747	324	324	50,00%
EMANAGUA - Empresa Municipal de Aguas de Nijar, S.A.	450	1,575	114	70	70	49,00%
Empresa Mixta de Aguas de Jódar, S.A.	150	(71)	113	44	44	49,00%
Empresa Municipal de Aguas de Linares, S.A.	300	435	389	292	292	49,00%
Empresa Municipal Aguas de Algeciras, S.A.	451	(119)	221	19	19	49,00%
Empresa Mixta de Aguas de Ubrique, S.A.	150	132	23	16	16	49,00%
Empresa Municipal de Aguas Benalmádena, S.A.	1,803	737	779	376	376	50,00%
Empresa Municipal de Aguas de Toxiria, S.A.	240	(24)	50	31	31	49,00%
Girona, S.A.	1,200	4,486	(325)	(153)	(153)	33,61%
New Company of Aguas de Ibiza, S.A. (*)	60	192	60	45	45	40,00%
Oman Sustainable Water Services SAOC	1,085	1,061	975	831	831	49,00%
Orasqualia O&M	3,016	2,210	1,190	955	955	50,00%
SERA.Q.A. Duitama, S.A. (*)	0	0	0	0	0	30,60%
Suministro de Agua de Queretaro, SA de CV	18,196	19,501	9,512	5,861	5,861	1%

(Unaudited data as at 31 December 2021)

**EQUITY DATA OF ASSOCIATED ENTERPRISES 2020**

*(Amounts in thousands of euros)*

PARTNERSHIPS	CAPITAL	Reserves and other equity items	P&L 2020			
			Operating profit	P&L Continuing Operations	PAT	Participation
Aguas de Archidona, S.L.	150	(7)	2	(18)	(18)	48,00%
Aguas de Denia, S.A. (*)	425	1,037	121	96	96	33,00%
Aguas de Guadix, S.A.	200	268	233	174	174	40,00%
Aguas de Langreo, S.L.	1,800	256	279	59	59	49,00%
Aguas de Narixa, S.A.	600	54	101	(45)	(45)	50,00%
Aguas de Priego, S.L.	500	(946)	95	(68)	(68)	49,00%
AIE Gestion Servicios Hidráulicos Ciudad Real (*)	-	-	64	76	76	75,00%
AIE Costa Brava Abastament Aqualia - Sorea	156	-	-	94	94	50,00%
AIE Costa Tropical de Granada	-	1,622	1,444	467	467	51,00%
AIE SOREA Aqualia (*)	-	404	-	223	223	37,50%
Aigües del Segarra Garrigues, S.A.	30,000	(2,217)	1,530	1,121	1,121	1,00%
Aigües del Vendrell, S.A. (*)	1,000	65	316	39	39	49,00%
Cía. de Serv. Medioambientales do Atlántico, S.A.	601	441	35	2	2	49,00%
CODEUR, S.A.	200	3,280	323	170	170	26,00%
Concesionaria de Desalación de Aguas de Ibiza, S.A.	1,850	565	685	224	224	50,00%
EMANAGUA - Empresa Municipal de Aguas de Nijar, S.A.	450	1,505	296	203	203	49,00%
Empresa Mixta de Aguas de Jódar, S.A.	150	(115)	83	21	21	49,00%
Empresa Municipal de Aguas de Linares, S.A.	300	247	138	103	103	49,00%
Empresa Municipal Aguas de Algeciras, S.A.	451	(138)	229	4	4	49,00%
Empresa Mixta de Aguas de Ubrique, S.A.	150	116	19	14	14	49,00%
Empresa Municipal de Aguas Benalmádena, S.A.	1,803	720	825	360	360	50,00%
Empresa Municipal de Aguas de Toxiria, S.A.	240	(55)	76	50	50	49,00%
Girona, S.A.	1,200	4,639	(146)	87	87	33,61%
New Company of Aguas de Ibiza, S.A. (*)	60	147	59	44	44	40,00%
Oman Sustainable Water Services SAOC	1,062	586	613	504	504	49,00%
Orasqualia O&M	1,263	2,223	687	584	584	50,00%
SERA.Q.A. Duitama, S.A. (*)	90	(33)	-	-	-	30,60%
Suministro de Agua de Queretaro, SA de CV	14,222	21,888	9,646	5,215	5,215	26%

(\*) Unaudited data

Details of income from equity investments in Group companies and associates are included in the Note 19.1.

## 7.2. Long-term loans to Group companies and associates

They are detailed as follows:

LONG-TERM LOANS TO COMPANIES		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Loans to Group companies (Note 7.2.1)	873,807	876,940
Interest on loans to Group companies (Note 7.2.1)	1,161	501
Loans to Associated Companies (Note 7.2.2)	21,992	24,165
<b>TOTAL</b>	<b>896,960</b>	<b>901,606</b>

7.2.1 Long-term loans to group companies. The detail and balance at 31 December 2021 and 2020 is as follows:

<b>LOANS TO GROUP COMPANIES</b>				
<i>(Amounts in thousands of euros)</i>				
	<b>31.12.21</b>	<b>31.12.20</b>	<b>INTEREST</b>	<b>EXPIRY</b>
Aqua Campiña, S.A.	1,721	2,176	Euribor + 1 %.	2026
Aquajerez, S.L.	10,489	11,170	3 % + Variable	2038
Aqualia Desalación Guaymas, S.A. de C.V.	12,956	8,663	- (*)	2025
Aquos El Realito, S.A. de C.V.	5,751	5,452	- (*)	2037
Depurplán, S.A.U.	11,063	9,989	4,5 %	2027
Ecosistema de Morelos, S.A. de C.V.	4,378	4,721	9,8 %	2025
Empresa Gestora de Aguas Linenses, S.L.	-	3,821	Euribor + 7,5 %.	2022
Aguas de las Galeras, S.L.	14,174	15,374	10 %	2025
Aguas de Alcázar Empresa Mixta, S.A.	-	3,444	4 %	2024
FCC Aqualia USA Corp.	786	-	2 %	2025
Fomento de Construcciones y Contratas, S.A.	806,479	806,479	3,55%	2048
Qatarat Saquia Desalination (Note 7.1)	5,226	4,859	5 %	2025
Sociedad Española de Aguas Filtradas, S.A.	706	714	4,25%	2025
Water Sur, S.L.	78	78	-	2025
Interests	1,161	501		
<b>TOTAL</b>	<b>874,968</b>	<b>877,441</b>		

(\*) The balances with Aqualia Desalación Guaymas, S.A. de C.V. and Aquos El Realito, S.A. de C.V. do not accrue interest because they are funds transferred for future capital increases.

On 28 September 2018, the Company signed a contract with Fomento de Construcciones y Contratas, S.A. which entailed the non-extinguishing modifying novation of the two loans existing since 8 June 2017 between the two companies. For this loan, which had a joint balance of 806,479 thousand euros, a single maturity date of 28 September 2048 and an interest rate of 3.55% was set, which would accrue in 12-month periods starting on 30 November of each year.

7.2.2 Long-term receivables from associates are as follows:

<b>LOANS TO ASSOCIATED COMPANIES</b>				
<i>(Amounts in thousands of euros)</i>				
	<b>31.12.21</b>	<b>31.12.20</b>	<b>INTEREST</b>	<b>EXPIRY</b>
AIE Gest. Hydraulic Services Ciudad Real	79	79	-	2030
Emp. Municipal de Aguas de Algeciras, S.A.	1,424	1,739	EURIBOR + 1%.	2045
Emp. Municipal de Aguas de Benalmádena, S.A.	2,388	3,177	EURIBOR (12) + 0.9%.	2025
Emp. Municipal de Aguas de Toxiria, S.A.	282	334	EURIBOR (12) + 1%.	2029
Aguas de Langreo, S.L.	2,988	3,353	EURIBOR + 1	2031
EMANAGUA - Empresa Mpal de Aguas de Nijar	1,979	2,231	EURIBOR (12) + 1.25%.	2029
Aigües del Tomoví, S.A.	1	1	4%	2032
Aigües del Vendrell, S.A.	4,798	4,799	5,50 %	2044
Aguas de Archidona, S.A.	433	453	LEGAL I.I.T. + 3%.	2036
Aguas de Narixa, S.A.	3,850	4,061	6,3 %	2034
AIE Costa Brava Abastament Aqualia Sorea	-	2	-	2022
Aguas de Priego, S.L.	2,929	3,061	5%	2023
Empresa Mixta de Aguas de Jódar, S.A.	807	844	7%	2035
Orasqualia Development Waste Treatment	34	31	-	2030
<b>TOTAL</b>	<b>21,992</b>	<b>24,165</b>		

## NOTE 8 . FINANCIAL ASSETS BY CATEGORY

The classification of financial assets excluding investments in group companies and associates is as follows:

FINANCIAL ASSETS BY CATEGORY						
<i>(Amounts in thousands of euros)</i>						
	31.12.21			31.12.20		
	Non-current	Current	Total	Non-current	Current	Total
<b>Financial assets at fair value through equity</b>						
Unlisted equity instruments (note 8.1)	10,167	-	10,167	10,400	-	10,400
<b>Financial assets at cost</b>						
Loans to group and associated companies (notes 7.2 and 9)	896,960	72,619	969,579	901,606	70,799	972,405
Loans to third parties (note 8.2 and 9.2)	62,946	10,015	72,961	65,583	14,675	80,258
Other financial assets with group and associated companies (note 8.3)	-	10,447	10,447	-	10,998	10,998
Other financial assets with third parties (note 8.3)	23,027	13,886	36,913	21,739	7,449	29,188
Trade and other receivables (note 10)	-	180,203	180,203	-	79,605	79,605
<b>TOTAL FINANCIAL ASSETS</b>	<b>993,100</b>	<b>287,170</b>	<b>1,280,270</b>	<b>999,328</b>	<b>183,526</b>	<b>1,182,854</b>

The fair value of financial assets does not differ significantly from their carrying amount. The only gains and losses on financial assets relate to the impairment losses detailed in Note 10.3 and to the financial income from interest on loans, which amounted to 38,485 thousand euros at 31 December 2021 (39,031 thousand euros at 31 December 2020).

### 8.1. Unlisted Equity Instruments

The detail as at 31 December 2021 and 2020 is as follows:

EQUITY INSTRUMENTS		31.12.21	31.12.20
<i>(Amounts in thousands of euros)</i>			
Other investments		10,167	10,400
	<b>TOTAL</b>	<b>10,167</b>	<b>10,400</b>

In 2019, the Company transferred an amount of 5,187 thousand euros from Equity instruments in joint ventures and associates to this heading, corresponding to the Company's interest in Shariket Miyeh Ras Djinet due to the agreement reached with one of its shareholders for the transfer by FCC Aqualia to that shareholder of the voting rights in that company for a period of 9 years (see note 7.1).

Since that time, the Company began to measure the investment at fair value by discounting the cash flows forecast in the model over the life of the contract at a discount rate of 8.7%, which takes into account the location of the desalination plant in Algeria and the high proportion of collections in US dollars. This valuation resulted in an adjustment of 5,953 thousand euros in 2019 in the "Adjustments due to changes in value" account in equity (see note 124).

During financial year 2021, (see note 12.4) the Company has recorded a dividend collection of 233 thousand euros net of tax from this investment (742 thousand euros net of tax at 31 December 2020).

## 8.2. Loans to third parties

This heading mainly includes loans granted to local councils for the execution of works and installations in the water network. These loans accrue interest at a variable rate based on Euribor and are repaid in accordance with the repayment schedule included in the contract by offsetting debts with the local councils arising from the collection of final purpose water charges and other items. The portion of these loans maturing in less than one year is recorded under short-term financial investments (see note 9.2).

The detail as at 31 December 2021 and 2020 is as follows:

	LOANS TO THIRD PARTIES (Amounts in thousands of euros)		FINAL MATURITY	
	31.12.21	31.12.20	< 5 YEARS	> 5 YEARS
Alboraya Town Hall	1,292	3,191		>2026
Alcalá de Henares Town Council	2,407	2,546		>2026
Aller Town Council	50	50	2023	
Ávila City Council	469	470		>2026
Town hall of Bell-Loch Romana	59	-	2023	
Bollullos Par del Condado Town Council	1,413	1,417		>2026
Calasparra Town Council	83	125	2023	
Callosa del Segura Town Council	1,297	1,538		>2026
Caravaca de la Cruz Town Council	80	115		>2026
Chipiona Town Council	1,282	1,671		>2026
Cristina Town Council	24	39		>2026
El Vendrell Town Council	62	90		>2026
Gáldar Town Council	2,193	-		>2031
Güímar Town Hall	88	118		>2026
Hellín Town Council	4	7	2023	
Hondón de los Frailes Town Council	8	31	2023	
Jaén City Council	21,627	24,247		>2026
La Guardia Town Council	353	375		>2026
La Línea Town Council	780	733		>2026
Lepe Town Hall	10,287	9,502		>2026
Llera City Council	36	82	2023	
La Albuera Town Council	48	95		>2026
Magán Town Council	92	122		>2026
Platja d'Aro Town Council	2,544	537		>2026
Matalascañas Town Hall	-	454		>2026
Medina del Campo Town Council	53	61		>2026
Mula Town Council	-	-	2022	
Olivenza City Council	174	324		>2026
Ribera del Fresno Town Council	278	278		>2026
Ronda City Council	1,892	2,296		>2026
San Pedro del Pinatar Town Council	240	167		>2026
San Lorenzo del Escorial Town Council	1,916	2,146		>2026
Sant Fost Town Council	83	97		>2026
Solana de Los Barros Town Council	74	96		>2026
Turcia Town Council	8	9		>2026
Ubrique Town Council	-	-		>2026
Vélez-Málaga Town Council	6,520	6,994		>2026
Villarrubia de Santiago Town Council	144	149		>2026
General Menacho Base	96	112		>2026
Campo de Gibraltar Region	4,890	4,962		>2026
Staff costs	-	53	2022	
Santa Eulalia Siglo XXI, S.A.	-	284	2022	
<b>Total Loans to third parties</b>	<b>62,946</b>	<b>65,583</b>		



### 8.3 Other financial assets

The balance as at 31 December 2021 and 2020 is as follows:

<b>OTHER FINANCIAL ASSETS</b>		
<i>(Amounts in thousands of euros)</i>		
<b>Non-current</b>	<b>31.12.21</b>	<b>31.12.20</b>
Long-term deposits and guarantees given	23,027	21,739
<b>TOTAL</b>	<b>23,027</b>	<b>21,739</b>
<b>Current</b>	<b>31.12.21</b>	<b>31.12.20</b>
Short-term deposits and guarantees given	13,886	7,449
Dividends receivable from Group companies and associates (note 8.3.1)	10,447	10,998
<b>TOTAL</b>	<b>24,333</b>	<b>18,447</b>

#### 8.3.1 Dividends receivable from group and associated companies

Details of dividends receivable from group and associated companies and shares in income receivable at 31 December 2021 and 2020 are as follows:

<b>DIVIDENDS RECEIVABLE FROM GROUP AND ASSOCIATED COMPANIES</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
A.I.E. Gestión de servicios hidráulicos Ciudad Real	167	57
A.I.E. Sorea - Aqualia	179	84
A.I.E. Costa Tropical de Granada	3,082	2,391
A.I.E. Costa Brava Abastament Aqualia Sorea	130	47
Aguas de Guadix, S.A.	104	36
Aqua Campiña, S.A.	176	-
Aquajerez, S.L.	3,819	2,487
Aqualia Mace LLC	-	-
Orasqualia O&M	500	-
Shariket Tahlya Miyah Mostaganem, S.p.a.	2,199	5,896
Sociedad Ibérica del Agua, S.A.U.	76	-
Suministro de Aguas de Querétaro, S.A.	15	-
<b>TOTAL</b>	<b>10,447</b>	<b>10,998</b>

### NOTE 9 . SHORT-TERM LOANS

The composition of the balance at 31 December 2021 and 2020 is as follows:

<b>SHORT-TERM LOANS</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Loans to group and associated companies	72,619	70,799
Other loans to third parties outside the group	10,015	14,675
<b>TOTAL</b>	<b>82,634</b>	<b>85,474</b>

9.1. Loans to group and associated companies: The breakdown at 31 December 2021 and 2020 is as follows:

<b>SHORT-TERM LOANS TO GROUP AND ASSOCIATED COMPANIES</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Loans to group and associated companies	59,005	59,620
Short-term interests in group and associated companies	14,562	11,585
Impairment of receivables from group and associated companies	(948)	(406)
<b>TOTAL</b>	<b>72,619</b>	<b>70,799</b>

<b>SHORT-TERM LOANS TO GROUP AND ASSOCIATED COMPANIES</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
A.I.E. Costa Tropical de Granada	14,768	12,863
Abrantaqua	2,002	2,002
Acque de Caltanissetta, S.P.A.	3,403	2,847
Aguas de Guadix, S.A.	2	1
Aguas de Alcázar Empresa Mixta, S.A.	-	725
Aguas de Archidona, S.L.	27	26
Aguas de Langreo, S.L.	732	732
Aguas de las Galeras, S.L.	809	1,211
Aguas de Narixa, S.A.	446	444
Aguas de Priego, S.L.	273	266
Aguas del Puerto Municipal Company	21	20
Aigües de Vallirana, S.A.U.	797	205
Aigües del Vendrell, S.A.	195	306
Aqua Campiña, S.A.	563	536
Aquajerez, S.L.	1,184	1,340
Aqualia Czech, S.L.	143	2,511
Aqualia Latinoamérica, S.A.	202	-
Aqualia Montenegro	-	232
Aqualia México, S.A. de C.V.	4,667	35
Aqualia Intech, S.A.	359	6,173
Aquamaior - Aguas de Campo Maior, S.A.	502	502
Cartagua, Aguas do Cartaxo, S.A.	4,027	4,196
Compañía de Servicios Medioambientales Do Atlántico, S.A.	10	10
Conservación y Sistemas, S.A.	1,845	2,342
Depurplán 11, S.A.U.	1,072	1,045
EMANAGUA - Emp. Municipal de Aguas de Nijar, S.A.	474	341
Ematoxiria, S.A.	63	44
Empresa Gestora Aguas Linenses, S.L.	16	-
Emp. Mixta de Aguas de Jodar, S.A.	62	35
Emp. Municipal de Aguas de Benalmádena, S.A.	796	796
Empresa mixta de aguas y servicios, S.A.	11	10
Empresa municipal de Aguas de Algeciras, S.A.	434	451
Entemanser, S.A.	1	46
FCC Aqualia América, S.A. Sole-Shareholder Company	460	15
FCC Construcción, S.A.	1	20
Fomento de Construcciones y Contratas, S.A.	2,521	2,524
Hidrotec Water Technology, S.L.U.	474	642
Infraestructuras y Distribución General del Agua, S.L.	390	400
Oman Sustainable Water Services SAOC	16	16
Sociedad Española de Aguas Filtradas, S.A.	146	83
Servicios Hídricos de Agricultura y Ciudad, S.L.U.	28,245	23,657
Shariket Tahlya Mostaganem, S.p.a.	28	27
Sociedad Ibérica del Agua, S.A.	37	28
Tratamiento Industrial de aguas, S.A.	231	1,020
Water Sur, S.L.	164	74
<b>TOTAL</b>	<b>72,619</b>	<b>70,799</b>

These receivables bear interest at market rates and the balance at 31 December 2021 includes an amount of 1,371 thousand euros in respect of amounts receivable for corporate income tax from subsidiaries belonging to the FCC Aqualia tax group (1,841 thousand euros at 31 December 2020).

- 9.2. Loans to third parties outside the group. This caption mainly includes loans granted to local councils, maturing in the short term, for the execution of works and installations in the water network. The portion of these loans maturing in over one year is included under "Non-current financial investments" (see note 8.2). These receivables include the following detail at 31 December 2021 and 2020

<b>CREDITS TO THIRD PARTIES</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Commonwealth of Municipalities Campo de Gibraltar	244	530
Alboraya Town Hall	184	177
Alcalá de Henares Town Council	370	370
Aller Town Council	41	142
Ávila City Council	321	1,214
Bollullos Par del Condado Town Council	143	139
Calasparra Town Council	44	63
Callosa del Segura Town Council	382	215
Caravaca de la Cruz Town Council	41	41
Chipiona Town Council	456	459
El Vendrell Town Council	28	27
Gáldar Town Council	480	-
Güímar Town Hall	29	29
Hondón de los Frailes Town Council	22	22
Jaén City Council	2,790	2,763
La Guardia Town Council	37	36
La Línea Town Council	47	208
Lepe Town Hall	(41)	2,541
Lora del Río Town Council	-	1
Matalascañas Town Hall	454	454
Medina del Campo Town Council	8	7
Mula Town Council	-	-
Olivenza City Council	112	287
Platja d'Aro Town Council	532	521
Puerto de la Cruz Town Hall	-	401
Ribera del Fresno Town Council	465	465
Ronda City Council	207	66
San Isidro Town Council	47	-
San José del Valle Town Council	72	-
San Lorenzo del Escorial Town Council	226	258
San Pedro del Pinatar Town Council	27	29
Sant Fost Town Council	59	55
Ubrique Town Council	(34)	224
Vélez-Málaga Town Council	654	737
Irrigation Community Llanos Villamartín	-	-
General Menacho Base	6	4
Santa Eulalia Siglo XXI, S.A.	434	434
Other credits	525	411
Credits with partners of joint ventures by difference contribution	603	1,345
<b>Total Loans to third parties</b>	<b>10,015</b>	<b>14,675</b>

**NOTE 10. TRADE AND OTHER RECEIVABLES.**

**10.1.** The breakdown of the balance of "Trade receivables for sales and services" at 31 December of each year is as follows:

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<b>CUSTOMERS FOR SALES AND SERVICES</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Invoiced revenue receivable from non-group customers	99,841	108,576
Non-recourse assignment of receivables from customers, third parties, etc.	-	(102,511)
Executed production pending invoicing to non-group customers	51,913	46,827
Withholdings for guarantees from non-group customers	455	564
Public entities owed for non-tax purposes	-	1,155
Impairment of customer value	(27,227)	(27,408)
<b>TOTAL</b>	<b>124,982</b>	<b>27,203</b>

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At 31 December 2021, 15,998 thousand euros of the net balance of Clients correspond to Temporary Joint Ventures (13,662 thousand euros at 31 December 2020).

The heading "Invoiced revenue pending collection" includes the amount of invoices issued to customers for services rendered and pending collection at the balance sheet date.

The difference between the amount of production recorded for each of the water supply works and services, valued in accordance with the criteria set out in note 4.10 "Income and expenses", and the amount certified for each of them is recorded as "Production executed and pending certification". At 31 December 2021, the heading "Production executed and pending certification" includes 4,971 thousand euros relating to works and 46,942 thousand euros relating mainly to the supply of water to subscribers that were pending invoicing at that date.

At 31 December 2020, the heading "Non-recourse assignment of customer receivables, third parties" corresponded to the collection rights assigned without recourse by the Company to a syndicate of banks in which Banco Santander acted as agent bank, on the basis of a contract signed on 15 July 2011 and amended on 16 June 2014 and in successive years, which finally expired on 15 July 2021. Under this contract, the Company acted in its own name and also as agent for two subsidiaries, Entemanser, S.A. and Aigues de Vallirana, S.A.U., the limit having been extended on two occasions:

- As of 5 May 2015, from 90,000 to 102,000 thousand euros.
- Dated 14 June 2020 from 102,000 to 115,000 thousand euros.

**10.2.** The detail of the balance of "Trade receivables from Group companies and associates" at 31 December 2021 and 2020, which mainly comprises commercial transactions, is as follows:

<b>CUSTOMERS GROUP COMPANIES AND ASSOCIATES</b>		
<i>( Amounts in thousands of euros )</i>		
<b>GROUP COMPANIES</b>	<b>31.12.21</b>	<b>31.12.20</b>
Abrantaqua, S.A.	426	871
Acque di Caltanissetta, S.P.A.	15,614	14,133
Aguas de Alcázar Empresa Mixta, S.A.	-	333
Aguas de las Galeras, S.L.	103	-39
Aigües de Vallirana, S.A.U.	8	23
AISA D.O.O. Beograd-Vracar	1	1
AISA Pristina LLC	19	-
Aqua Campiña, S.A.	27	131
Aquaelvas - Aguas de Elvas, S.A.	219	62
Aquafundalia -Agua Do Fundao, S.A.	232	141
Aquajerez, S.L.	4,992	4,240
Aqualia Desalación Guaymas, S.A. de C.V.	154	99
Aqualia France	131	241
Aqualia Infraestructuras Inzenyring	1	-
Aqualia Latinoamérica, S.A.	1	-
Aqualia Mace LLC	254	187
Aqualia Mace Qatar	437	262
Aqualia Infraestructuras de México, S.A. de C.V.	1,449	765
Aqualia Intech, S.A.	731	779
Aquamaior - Aguas del Campo Maior, S.A.	27	21
Cartagua, Aguas Do Cartaxo, S.A.	2,964	3,098
Conservación y Sistemas, S.A.	70	65
Depurplan 11, S.L.	74	153
Empresa Gestora de Aguas Linenses, S.L.	144	107
Entemanser, S.A.	33	112
Fast Consortium Limited LLC	7	3
FCC Aqualia USA Corp	213	131
FCC Construcción, S.A.	67	213
FCC Medio Ambiente, S.A.	31	37
FCC Servicios Industriales y Energéticos, S.A.	-	3
Fedemes, S.L.	7	-
Fomento de Construcciones y Contratas, S.A.	10	82
H.A.A.&CO	107	50
Hidrotec Tecnología del Agua, S.L.	45	77
Infraestructuras y Distribución General del Agua, S.L.	101	37
Matinsa	17	11
Qatarat Saquia Desalination	1	-
Servicios Hídricos de Agricultura y Ciudad, S. L. U	-	16
Severomoravske Vodovody a Kanalizace Ostrava, a.s.	256	211
Sociedad Española de Aguas Filtradas,S.A.	86	232
Shariket Tahlya Miyah Mostaganem S.p.A.	582	-
Tratamiento Industrial de aguas, S.A.	99	95
Villena O&M, S.L.	23	-
Vodotech Spol, S.R.O.	2	2
Water Sur, S.L.	26	18
<b>PARTNER COMPANIES</b>		
Aguas de Archidona, S.L.	233	380
Aguas de Guadix, S.A.	31	44
Aguas de Langreo, S.L.	477	305
Aguas de Narixa, S.A.	14	19
Aguas de Priego, S.L.	412	426

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**CUSTOMERS GROUP COMPANIES AND ASSOCIATES**

*( Amounts in thousands of euros )*

AIE Costa Brava AB. Aqualia-Sorea	-	17
AIE Costa Tropical de Granada	1,084	3,612
Aigües del Segarra Garrigues, S.A.	25	28
Aigües del Vendrell, S.A.	46	208
Compañía de Servicios Medioambientales Do Atlántico, S.A.	43	34
Concesionaria de Desalación de Ibiza, S.A.	39	39
Empresa Mixta de Aguas de Jodar, S.A.	629	553
Empresa Mixta de Aguas de Ubrique, S.A.	370	290
Empresa Mixta de Aguas y Servicios, S.A.	104	82
Empresa Municipal de Aguas de Algeciras, S.A.	9,860	9,853
Empresa Municipal de Aguas de Benalmádena, S.A.	64	67
Empresa Municipal de Aguas de Linares S.A.	1,542	1,542
Empresa Municipal de Aguas de Níjar, S.A.	3,783	1,536
Empresa Municipal de Aguas de Toxiría, S.A.	932	603
New Company of Aguas de Ibiza, S.A.	2	1
Oman Sustainable Water Services, SAOC	232	22
Orasqualia Devel. Water Treatment Plant. S.A.E.	16	8
Orasqualia O&M	11	11
<b>TOTAL</b>	<b>49,740</b>	<b>46,683</b>

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The balance receivable from Shariket Tahlya Miyah Mostaganem S.p.A. and Shariket Miyeh Ras Djinet S.p.A. is denominated in US Dollars, while the balance with Orasqualia Development Waste Water Treatment Plant, S.A.E is denominated in Egyptian pounds, the balance with Aqualia Mace LLC is denominated in UAE dirham, the balance with Aquos El Realito, S.A. de CV is denominated in Mexican pesos and the balance with Severomoravske Vodovody a Kanalizace Ostrava, A.S. is denominated in Czech crowns. All of them have been translated at the year-end exchange rate.

**10.3** The detail of the balance of "Impairment of trade receivables" is as follows:

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<b>IMPAIRMENT OF TRADE RECEIVABLES</b>		
<i>( Amounts in thousands of euros )</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Customer insolvencies	27,227	27,408
Debtor insolvencies	639	144
<b>TOTAL</b>	<b>27,866</b>	<b>27,552</b>

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**10.4** The movement in the "Impairment of trade receivables" account is as follows:

<b>IMPAIRMENT OF TRADE RECEIVABLES</b>	
<i>(Amounts in thousands of euros)</i>	
<i>Change between 1 January 2020 and 31 December 2020</i>	
<b>Balance as at 31 December 2019</b>	<b>25,006</b>
Impairment allowance allocated in the current year	4,183
Balance from business combination	445
Reversal of impairment losses recognised in prior years	(2,082)
<b>Balance as at 31 December 2020</b>	<b>27,552</b>
<i>Change between 1 January 20 21 and 31 December 2021</i>	
<b>Balance at 31 December 2020</b>	<b>27,552</b>
Impairment allowance allocated in the current year	3,592
Reversal of impairment losses recognised in prior years	(3,278)
<b>Balance as at 31 December 2021</b>	<b>27,866</b>

The Company includes the net effect of this provision under "Losses, impairment and changes in trade provisions" (see Note 19 11). This heading also includes the loss on loans considered uncollectible amounting to 3,035 thousand euros at 31 December (Euros 1,352 thousand euros at 31 December 2020) and other short-term provisions.

#### **NOTE 11. CASH AND CASH EQUIVALENTS**

Since the issuance of the bonds in 2017, the Company manages its treasury autonomously and has increased its cash levels considerably due to its ability to generate cash flows. As of December 31, 2021, the Company has drawn down a short-term loan in the amount of 200,000 thousand euros, which was fully deposited in a bank account.

In the context of the bond issue carried out by the Company in 2017 (see note 15.1), guarantees have been provided in relation to certain accounts held by FCC Aqualia, S.A. with a balance at 31 December 2021 of 259,956 thousand euros (327,246 thousand euros at 31 December 2020). These amounts include the balances of the debt service accounts amounting to 26,979 thousand euros at 31 December 2021 and 31 December 2020.

## NOTE 12. EQUITY

The composition and movement of Equity are presented in the Statement of Changes in Equity.

**12.1.** The **share capital** is represented by 145,000,000 fully subscribed and paid-up registered shares of one euro par value each. During 2001 the share capital was redenominated in euros, giving rise to unavailable reserves amounting to Euros 76 thousand, which are shown under "Other reserves" in the accompanying balance sheet. The Company's shares are not listed on the stock exchange.

During 2018, **Fomento de Construcciones y Contratas, S.A.** sold 49 % of its share capital to Global Infraco Spain, S.L.U., a company belonging to the IFM investment fund, and transferred 10 % of its stake to a 100 % FCC Group company called FCC MIDCO, S.A., leaving the shareholding as follows:

Shareholder	Number of titles	% of direct participation
Fomento de Construcciones y Contratas, S.A.	59,450,000	41,00
Global Infraco Spain, S.L.U.	71,050,000	49,00
FCC MIDCO, S.A. (*)	14,500,000	10,00
	145,000,000	100,00

(\*) FCC MIDCO, S.A. is a company wholly owned by Fomento de Construcciones y Contratas, S.A. and therefore Fomento de Construcciones y Contratas, S.A. is the direct and indirect owner of 51% of FCC Aqualia, S.A.

**12.2.** The **share premium** is fully distributable at 31 December 2021 and 2020

**12.3** The composition of the **reserves** at 31 December 2021 and 2020 is as follows:

RESERVATIONS		
<i>(Amounts in thousands of euros)</i>		
	31.12.21	31.12.20
Legal reserve	29,000	29,000
Voluntary reserves	235,152	184,679
Special reserves	76	76
Goodwill reserves	32,635	32,635
<b>TOTAL</b>	<b>296,863</b>	<b>246,390</b>

On 29 March 2021, at its General Shareholders' Meeting, the Company approved a distribution of dividends charged to Reserves in the amount of Euros 60,000 thousand, which was paid in full in April of that year.

At 31 December 2021 the **Legal Reserve** is equal to 20% of share capital and therefore no additional amount will be allocated in the distribution of profit for the year (2021 see Note 3). Similarly, the legal reserve was fully funded at 31 December 2020.

The legal reserve may be used to increase the capital to the extent of the balance of the reserve in excess of 10% of the increased capital. Except for the purpose mentioned above, and as long as it does not exceed 20% of the share capital, this reserve may only be used to offset losses, provided that no other reserves are available for this purpose.



**Voluntary reserves** are unrestricted at 31 December 2021 and 2020

**Goodwill reserve.** Pursuant to the provisions of article 273.4 of the Consolidated Text of the Spanish Companies Act until 31 December 2015, the Company had set aside a restricted reserve for the amount of goodwill shown on the assets side of the balance sheet (see Note 5), the balance of which at 31 December 2021 was Euros 32,635 thousand (same balance at 31 December 2020).

In accordance with the amendments made to the Capital Companies Act by Law 22/2015 of 20 July on the Auditing of Accounts, as from years beginning on 1 January 2016 the Company discontinued contributions to this reserve for goodwill, and its amount must be reclassified to voluntary reserves and will be available as from the year and in the amount exceeding the goodwill recognised on the assets side of the balance sheet. In 2021, no amount has been reclassified to voluntary reserves as this circumstance has not arisen.

#### 12.4 Adjustments for changes in value.

The composition of this heading is as follows:

<b>ADJUSTMENTS FOR CHANGES IN VALUE</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Financial investments at fair value	4,978	5,211
<b>TOTAL</b>	<b>4,978</b>	<b>5,211</b>

The Company records under this heading the adjustment recognised in 2019 for the valuation at fair value of the financial investment in 25.5% of the share capital of Shariket Ras Djinet, the concession company for the desalination plant located in the city of the same name in Algeria, for which it has signed an agreement with one of the other shareholders for the transfer of the voting rights of the shares and its capacity for significant influence in this company (see notes 8.1 and 7.1).

In financial year 2021, the Company decreased the balance recorded under this heading by 233 thousand euros due to the approval of a dividend in the subsidiary for this amount.

#### NOTE 13. SUBSIDIES

The movement in this heading during each year is as follows:

<b>SUBSIDIES</b>	
<i>(Amounts in thousands of euros)</i>	
<i>Change between 1 January 20 and 31 December 2021</i>	
<b>Balance as at 31 December 2020</b>	<b>3,078</b>
Additions for the year	5
Profit and Loss Account Assignment	(423)
Tax effect	104
<b>Balance at 31 December 2021</b>	<b>2,764</b>

<b>SUBSIDIES</b>	
<i>(Amounts in thousands of euros)</i>	
<i>Change between 1 January 20 and 31 December 2020</i>	
<b>Balance as at 31 December 2019</b>	<b>3,668</b>
Additions for the year	5
Profit and Loss Account Assignment	(791)
Tax effect	196
<b>Balance as at 31 December 2020</b>	<b>3,078</b>

The profit and loss account includes an amount of 423 thousand euros relating to the recognition of non-financial fixed assets in the profit and loss account (791 thousands euros at 31 December 2020).

At 31 December 2020, there was an amount of 370 thousand euros from the integration of the joint ventures. These amounts have been granted by the European Union to finance an investment plan that the Company is building in joint ventures with other companies.

The profit and loss account includes an amount of 23,317 thousand euros in operating subsidies (10,333 thousand euros at 31 December 2020) relating to subsidies granted to the Company by the town councils to which it provides the integral water cycle service in recognition of the concession holder's operating deficit in the concessions in accordance with the terms of the respective specifications and contract.

The amounts receivable at 31 December 2021 and 2020 for this item are shown in Note 1.6

#### **NOTE 14. PROVISIONS**

Details and movement in FY2021 and FY2020 are as follows:

<b>LONG-TERM PROVISIONS</b>						
<i>Variation between 31 December 2020 and 2021</i>						
	<b>BALANCE</b>	<b>(+)</b>	<b>(+)</b>	<b>(-)</b>		<b>BALANCE</b>
	<b>31.12.20</b>	<b>ALLOWANCE</b>	<b>UPDATE</b>	<b>APPLICATION/REVERSAL</b>		<b>31.12.21</b>
Pension provisions	-	129	-	-		129
Other provisions	33,217	1,663	65	(4,557)		30,388
Provisions for action on infrastructure	28,379	63,217	1,888	(96)		93,388
<b>TOTAL</b>	<b>61,596</b>	<b>65,009</b>	<b>1,953</b>	<b>(4,653)</b>		<b>123,905</b>
<i>Variation between 31 December 2019 and 2020</i>						
	<b>BALANCE</b>	<b>(+)</b>	<b>(+)</b>	<b>(-)</b>	<b>(+/-)</b>	<b>BALANCE</b>
	<b>31.12.19</b>	<b>ALLOWANCE</b>	<b>UPDATE</b>	<b>APPLICATION/REVERSAL</b>	<b>BUSINESS COMBINATION</b>	<b>31.12.20</b>
Pension provisions	19	-	-	(19)	-	-
Other provisions	33,190	2,237	4	(2,729)	515	33,217
Provisions for action on infrastructure	33,580	3,149	286	(8,636)	-	28,379
<b>TOTAL</b>	<b>66,789</b>	<b>5,386</b>	<b>290</b>	<b>(11,384)</b>	<b>515</b>	<b>61,596</b>

The "other provisions" recorded at 31 December 2021, amounting to 1,663 thousand euros (2,237 thousand euros at 31 December 2020), are charged to "Other current operating expenses" in the accompanying income statement, and cover contractual liabilities that may give rise to a probable future payment obligation.

The restatement of provisions amounting 1,953 thousand euros as at 31 December 2021 (290 thousand euros as at 31 December 2020) is recognised with a charge to "Financial expenses" (see Note 19.8) in the accompanying income statement.

Long-term provisions relate to:

- a) Pension provisions. The Company has externalised all commitments in respect of social security pension supplements and retirement bonuses.
- b) Other provisions. This includes the Company's estimates of the contractual liabilities that could give rise to a future payment obligation, including a provision of 7,600 thousand euros with a local council for the out-of-court settlement reached between the parties and endorsed by the full council in December 2021, which is awaiting judicial approval.
- c) Provisions for actions on the infrastructure. These provisions are recorded when the Company is obliged to carry out actions to improve the infrastructure and these actions are not offset by obtaining higher revenues from the concession. The balancing entry is "Intangible assets under concession agreement". Details by contract at 31 December 2021 and 2020 are as follows:

	<b>31.12.21</b>	<b>31.12.20</b>
<i>(Amounts in thousands of euros)</i>		
Ajofrin		169
Albal (Alicante)	248	-
Algeciras (Cádiz)	2,025	-
Almorox (Toledo)	2	165
Añover de Tajo (Toledo)	18	18
Arcos de la Frontera (Cádiz)	1,576	2,210
Arico (Santa Cruz de Tenerife)	700	700
Ávila (Ávila)	1,769	1,874
Azuaga (Badajoz)	147	185
Barbate (Cádiz)	302	302
Benalup (Cádiz)	353	392
Bolaños Ciudad Real	-	26
Calamonte (Badajoz)	96	93
Candelaria (Santa Cruz de Tenerife)	859	984
Candeleda (Ávila)	135	172
Cangas (Pontevedra)	2,062	2,337
Casas Ibáñez Fuente Bal (Albacete)	152	-
Caspe (Zaragoza)	91	91
Castrillón (Asturias)	4,207	4,241
Cazalegas (Toledo)	169	4
Els Poblets (Alicante)	-	140
Darro (Granada)	178	-
Denia (Alicante)	2,736	-
El Casar de Escalona (Toledo)	775	-
Fraga (Huesca)	15	22
Huerta de Valdecarabanos (Toledo)	-	26
Gáldar (Gran Canaria)	300	-
Guimar (Gran Canaria)	8,767	-
Hinojos (Huelva)	26	-

	<b>31.12.21</b>	<b>31.12.20</b>
<i>(Amounts in thousands of euros)</i>		
Huéscar (Granada)	113	359
La Nucia (Alicante)	5,694	-
La Puebla de Almoradiel (Toledo)	632	-
La Puebla de Montalbán (Toledo)	1,957	-
Lepe (Huelva)	28	-
Librilla (Murcia)	44	44
Llanera /Asturias)	1,573	-
Lleida (Lleida)	6,482	7,176
Los Yébenes (Toledo)	630	-
Mancomunidad de La Serena	61	-
Community of Municipalities of Los Molinos (Badajoz)	-	133
Association of Municipalities of Campo de Gibraltar (Cádiz)	4,833	1,046
Community of Municipalities of Oropesa (Toledo)	475	-
Mérida (Badajoz)	131	227
Miajadas (Cáceres)	276	385
Moguer (Huelva)	13	91
Monforte de Lemos (Lugo)	1,321	-
Moratalla (Murcia)	600	-
Navalcán (Toledo)	4	153
Salamanca	1,166	-
San José del Valle (Cádiz)	281	-
San Pedro del Pinatar (Murcia)	1	1,044
San Román (Toledo)	774	-
Santa Eulalia (Balearic Islands)	562	1,227
Santa María de Cayón (Cantabria)	740	--
Tarifa (Cadiz)	132	607
Toledo	91	-
Turleque (Toledo)	75	75
Vigo (Pontevedra)	36,593	288
Villacañas (Toledo)	144	165
Villanueva de Alcardete (Toledo)	-	48
Villaviciosa (Asturias)	147	147
Yepes (Toledo)	7	733
Other contracts	100	280
<b>TOTAL</b>	<b>98,388</b>	<b>28,379</b>

Short-term provisions reflect the Company's obligations to meet future payment commitments arising from events occurring in the course of its business and to which it is contractually or legally liable.

## NOTE 15. FINANCIAL LIABILITIES AND TRADE PAYABLES BY CATEGORY

The classification of financial liabilities at year-end 2021 and 2020 is as follows:

BALANCES AT 31.12.21 (in thousands of euros)	Non-current	Current	Total
<b>Debits and payables</b>			
Payable to group and associated companies (notes 15.3 and 15.4)	-	50,427	50,427
Amounts owed to credit institutions (note 15.2)	-	200,450	200,450
Bonds and other marketable securities (note 15.1)	647,924	714,926	1,362,850
Other financial liabilities (note 15.5)	42,608	12,048	54,656
Trade and other payables	-	244,094	244,094
<b>TOTAL</b>	<b>690,532</b>	<b>1,221,945</b>	<b>1,912,477</b>

BALANCES AT 31.12.20 (in thousands of euros)	Non-current	Current	Total
<b>Debits and payables</b>			
Payable to group and associated companies (notes 15.2 and 15.3)	-	59,472	59,472
Bonds and other marketable securities (note 15.1)	1,346,429	15,,301	1,361,730
Other financial liabilities	40,590	12,877	53,467
Trade and other payables	-	262,837	262,837
<b>TOTAL</b>	<b>1,387,019</b>	<b>350,487</b>	<b>1,737,506</b>

There are no significant differences between the fair value and the carrying amount of financial liabilities classified under "Debts and payables".

Net gains and losses on financial liabilities, which mainly correspond to financial expenses on debts to group and associated companies and to credit institutions and bondholders, amounted to 248 thousand euros and 30,380 thousand euros respectively at 31 December 2021 (338 and 30,843 thousand euros respectively at 31 December 2020). (Note 19.8)

### 15.1. Bonds and other negotiable securities

The details of this heading are as follows:

Amounts in thousands of euros	31.12.21	31.12.20
Issuance of Irish-listed plain vanilla bonds maturing 2027	647,924	1,346,429
<b>TOTAL NON-CURRENT</b>	<b>647,924</b>	<b>1,346,429</b>
Issuance of plain vanilla bonds listed in Ireland maturing 2022	699,625	-
Interest on plain vanilla bonds quoted in Ireland	15,301	15,301
<b>TOTAL CURRENT</b>	<b>714,926</b>	<b>15,301</b>
<b>TOTAL</b>	<b>1,362,850</b>	<b>1,361,730</b>

The movement from 31 December 2020 to 31 December 2021 is as follows:

	Balance at 31.12.20	Emissions	Interest and other	Balance at 31.12.21
Debt securities issued within the E.U., which have required the registration of a prospectus	1,361,730	-	1,120	1,362,850
	<b>1,361,730</b>	<b>-</b>	<b>1,197</b>	<b>1,362,850</b>

	Balance at 31.12.19	Emissions	Interest and other	Balance at 31.12.20
Debt securities issued within the E.U., which have required the registration of a prospectus	1,360,533	-	1,197	1,361,730
	<b>1,360,533</b>	<b>-</b>	<b>1,197</b>	<b>1,361,730</b>

#### Issuance of plain vanilla bonds listed in Ireland.

In the context of the Agreement to Refinance the financial indebtedness of Fomento de Construcciones y Contratas, S.A. and certain companies of its group, the Board of Directors of FCC Aqualia at its meeting held on 24 February 2017 agreed, among others, to carry out one or several issues of simple bonds of the Company for an aggregate maximum nominal amount of 1,350,000,000 euros.

Subsequently, on 1 June 2017, the Irish Stock Exchange approved the prospectus in relation to two issues of the Company's senior secured notes with the following characteristics:

- One of them for an amount of 700,000,000 euros with an annual remuneration of 1.413% and maturity in 2022.
- 650,000,000 with an annual remuneration of 2.629% and maturity in 2027.

Finally, on 8 June 2017, the Company notarised the terms and conditions of the two previous issues which, in addition to the above, contain the following features:

- The nominal value of the bonds is €100,000 and above that in whole multiples of €1,000 up to €199,000.
- Interest shall be paid annually on 8 June of each year.
- The scheduled redemption date for the first issue is 8 June 2022 and for the second issue 8 June 2027.
- The uncovered bonds are admitted to trading on the Irish Stock Exchange in an unregulated market.
- Both issues have the following guarantees:
  - Pledge on 100 % of the shares of Tratamiento Industrial de Aguas, S.A., Conservación y Sistemas, S.A., Sociedad Española de Aguas Filtradas, S.A., Depurplán and Aigues de Vallirana, S.A. and on 97 % of the shares of Entemanser, S.A.

- Pledge on 100% of the shares of Infraestructura y Distribución General del Agua, S.L., Empresa Gestora de Aguas Linenses. S.L., Aguas de las Galeras, S.L., Hidrotec Tecnología del Agua, S.L. and 51 % of Aqualia Czech.
- Pledge on 98 % of the shares of Acque di Caltanisseta and 100 % of the shares of Aqualia México, S.A.C.V.
- Pledge on the balances of certain accounts. (Note 11)

Under the heading "Interest, bonds, debentures, notes and other marketable securities", the Company records an amount of 15,301 thousand euros at 31 December 2021 (15,301 thousands euros at 31 December 2020) for interest accrued since 8 June of each year.

The price of these bonds as at 31 December 2021 is as follows:

- Bonds maturing in 2022: 100.263 %.
- Bonds maturing in 2027: 109.749 %.

In addition to the guarantees set out in the preceding paragraphs, the simple bond issues by FCC Aqualia have imposed the following limitations on the Consolidated Group:

- Limitation to new financial indebtedness that did not exist on the date of issue of the bonds if a Net Debt/EBITDA ratio of less than 5 times is not reached or if it does not relate to the purchase and sale of goods and services, possible claims by employees, contractual obligations and guarantees provided by the FCC Aqualia Group in the normal course of its business. In addition to the aforementioned transactions, the granting of credits and loans within the consolidation perimeter is permitted. This limitation on financial indebtedness does not include the three subsidiaries that have their own financing, which are Severomoravske Vodovody a Kanalizace Ostrava, Shariket Talhya Mostaganem and Aquajerez, nor does it include non-recourse financing by the Group.
- Limitation on dividend distribution. No dividend distribution is allowed as long as a Net Debt to EBITDA ratio of less than 5 times is not reached.
- Limitation to changes in the capital structure of the Company and its investees whose shares are pledged except for capital increases permitted under the terms and conditions of the issue.

**15.2. In debts with credit institutions**, the Company records the amount drawn down on a loan contract for variable interest provisions amounting to EUR 200,000 thousand at 31 December 2021 (there is no balance drawn down or granted at 31 December 2020). This balance bears interest at Euribor + 0.05% or only 0.05% in the case of a negative reference rate.

In addition to the amount drawn down, the Company has been granted a credit facility of Euros 900,000 thousand as a contingent facility, which matures on 4 May 2022 and may be extended at the Company's discretion for a further six months to cover the amount of FCC Aqualia's and SmVak's obligations, which mature in June and July 2022, respectively. This policy has accrued a structuring fee of Euros 900 thousand, of which Euros 450 thousand has been recognised and is pending disbursement at 31 December 2021.

**15.3 Current debts with group and associated companies** at 31 December 2021 and 2020 for financial operations and consolidated tax effect are as follows:

<i>SHORT-TERM DEBTS WITH GROUP AND ASSOCIATED COMPANIES</i>		
<i>(Amounts in thousands of euros)</i>		
	31.12.21	31.12.20
Acque Di Caltanissetta, S.P.A.	1,277	995
Aguas de Archidona, S.L.	2	2
Aguas de las Galeras, SL	-4	83
Aguas de Priego, S.L.	4	5
Aguas de Tomovi, S.A.	32	32
Aigües del Vendrell	-18	132
Aigües de Vallirana, S.A.U.	875	258
Aqua Campiña, S.A.	9	43
Aqualia Czech, S.L.	3,067	5,470
Aqualia France, S.A.	-	5,500
Aqualia Intech, S.A.	455	6,595
Aqualia México, S.A. de C.V.	247	2,516
Augas Municipais de Arteixo, S.A.	1	1
Conservación y Sistemas, S.A.	4,397	4,430
Depurplan 11, S.A.U.	11,841	9,581
Empresa Gestora de Aguas Linenses, S.L.	2,666	6,163
Empresa mixta de Aguas de Jodar, S.A.	128	3
Empresa Mixta de Aguas de Ubrique, S.A.	573	527
Empresa mixta de Aguas y Servicios, S.A.	7	-
Empresa Mixta de Butarque, S.A.	166	166
Empresa mixta municipal de Aguas de Níjar (Mixed Municipal Water Company of Níjar)	7	-
Empresa Municipal de Aguas de Algeciras, SA	99	-
Empresa Municipal de Aguas de Linares, S.A.	-	104
Empresa Municipal de Aguas de Toxiria, S.A.	266	-
Entemanser, S.A.	-984	3,044
FCC Medio Ambiente, S.A.	301	340
Fomento de Construcciones y Contratas, S.A.	2	2
Proactiva Group	13	13
Hidrotec, S.L.	2,936	-
Infraestructuras y Distribución General de Agua, S.L.	2,615	2,695
Servicios Hídricos de Agricultura y ciudad, S.L.U.	12	72
Sistemas y Vehículos de Alta Tecnología, S.A.	208	17
Sociedad Española de Aguas Filtradas, S.A.	4,485	2,947
Sociedad Ibérica del Agua, S.A.	-	10
Tratamiento Industrial de Aguas, S.A.	14,711	7,695
Water Sur, S.L.	31	31
<b>TOTAL</b>	<b>50,427</b>	<b>59,472</b>



At 31 December 2021, the short-term balance held with subsidiaries belonging to the FCC Aqualia tax group for corporate income tax amounted 72 thousand euros (5,596 thousand euros at 31 December 2020).

The average interest rate applied was 0.10 % in 2021 and 2020.

**15.4. Trade payables to group and associated companies** are as follows:

<b>SHORT-TERM SUPPLIERS TO GROUP AND ASSOCIATED COMPANIES</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Aguas de Archidona, S.L.	2	13
Aguas de Denia, S.A.	26	181
Aguas de Langreo, S.A.	-	7
Aguas de las Galeras, S.L.	-	(4)
AIE Costa Tropical de Granada	3	3
Aigues del Vendrell	1	1
Aqua Campiña, S.A.	-	188
Aquajerez, S.L.	4	90
Aqualia Intech, S.A.	1,765	207
Aqualia Latinoamérica, S.A.	2	-
Aqualia MACE	-	4
Aqualia México, S.A. de C.V.	333	160
Áridos de Melo, S.L.	11	-
Asesoría Financiera y de Gestión, S.A.	2	247
Betearte, S.A.	-	16
Conservación y Sistemas, S.A.	-	24
Ecoactiva Medioambiente, S.A.	4	2
Company. Gestora de Aguas Linenses, S.L.	3	24
Emp. Mixta de Aguas de Ubrique, S.A.	1	5
Emp. Mixta de Aguas y Servicios, S.A.	24	49
Emp. Municipal Mixed Water Company of Nijar	137	199
Empresa Municipal de Aguas de Algeciras, S.A.	3,642	3,582
Empresa Municipal de Aguas de Linares, S.A.	5	10
Entemanser, S.A.	7	123
FCC Ámbito, S.A.	7	40
FCC Construcción, S.A.	1,310	2,346
FCC Equal CEE, S.L.	2	5
FCC Industrial y Servicios Energéticos, S.A.	159	33
FCC Medio Ambiente, S.A.	68	53
Fedemes, S.L.	302	356
Fomento de Construcciones y Contratas, S.A.	2,662	2,907
Gamasur Gibraltar, S.L.	6	5
Hidrotec Tecnología del Agua, S.L.	6,065	8,372
Hormigones Reinares	-	1
Integraciones ambientales de Cantabria, S.A.	-	6
New Company of Aguas de Ibiza, S.A.	-	26
Orasqualia Devel. Waste T.P. S.A.E.	-	22
Prefabricados Delta, S.A.	-	6
Proveiments D'Aigua, S.A.	2	28
Servicios Especiales de Limpieza, S.A.	-	1
Severomoravske Vodovody A Kanal Ost	2	1
Sociedad Española de Aguas Filtradas, S.A.	316	1,049
Tratamiento Industrial de Aguas, S.A.	2,375	3,588
<b>TOTAL</b>	<b>19,248</b>	<b>23,976</b>

### 15.5. Other financial liabilities.

This heading mainly includes guarantees received from subscribers to water contracts and suppliers of fixed assets.

### NOTE 16. PUBLIC ADMINISTRATIONS AND TAXATION

Following the sale transaction carried out in 2018, mentioned in Note 1 to these financial statements, the Company ceased to form part of the consolidated tax group headed by Fomento de Construcciones y Contratas, S.A.

As of 13 February 2019, and with effect from 1 January 2019, the Company is the head of Tax Group 233/19.

#### 16.1 Balances with public administrations

The detail of the balance at 31 December 2021 and 2020 with Public Administrations is as follows:

<b>DEBTOR PUBLIC ADMINISTRATIONS</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Current tax assets	274	-
VAT debtor	1.569	-
Public Administration Debtor for subsidies granted	23.274	27.233
Taxes owed for other items	1.907	131
<b>TOTAL</b>	<b>27.024</b>	<b>27.364</b>
<b>CURRENT PUBLIC ADMINISTRATIONS CREDITORS</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Current tax liabilities	7.043	1.562
Tax Authority Creditor for VAT.	-	184
Tax Authority Creditor for withholdings on account of personal employment	2.639	2.581
Tax Authority withholding tax on movable and immovable capital	58	62
Taxes payable for other items	63.368	63.859
Accrual of fees and other taxes	805	1.052
Indirect taxes levied	1.542	416
Social Security Organisations, Creditors	5.228	4.718
Social Security Payable for current deferrals of contributions	39	70
Tax Authorities Payable for deferrals to personnel work account	40	215
<b>TOTAL</b>	<b>80.762</b>	<b>74.719</b>

The "Taxes payable for other items" mainly includes taxes collected by the Company on behalf of certain municipalities and outstanding at 31 December 2021 and 2020.

## 16.2 Deferred tax assets and liabilities.

Deferred tax assets mainly relate to provisions not deductible for tax purposes in the year, the time limit on the deduction of depreciation of fixed assets recorded in previous years and the tax loss carryforwards of joint ventures which are to be taken to income in the following year, while deferred tax liabilities basically relate to non-refundable subsidies and the taxable income of joint ventures which are to be taken to income in the following year.

<b>DEFERRED TAX ASSETS</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Impairment of portfolio, fixed assets and customers	11,924	12,424
Depreciation	1,741	2,230
For the result of joint ventures carried forward and adjustments to the following financial year	2,108	3,394
Other	109	1,708
<b>TOTAL</b>	<b>15,882</b>	<b>19,756</b>

<b>DEFERRED TAX LIABILITIES</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
For the profit of joint ventures carried forward and adjust. to the following financial year	3,204	4,974
For freedom of depreciation	1,584	449
Other	657	1,392
<b>TOTAL</b>	<b>5,445</b>	<b>6,815</b>

The movement in deferred tax assets and liabilities is as follows:

	<b>Deferred tax assets</b>	<b>Deferred tax liabilities</b>
<b>Balance as at 31.12.2019</b>	<b>17,812</b>	<b>8,317</b>
Originating in the exercise	316	3,139
Arising from previous years	(814)	(3,895)
Other adjustments	2,442	(746)
<b>Balance as at 31.12.2020</b>	<b>19,756</b>	<b>6,815</b>
Originating in the exercise	4,687	(12,815)
Arising from previous years	(5,323)	13,772
Other adjustments	(3,238)	(2,327)
<b>Balance at 31.12.2021</b>	<b>15,882</b>	<b>5,445</b>

### 16.3 Reconciliation between accounting results and taxable income:

The reconciliation of the accounting profit for the year to the taxable income for corporate income tax purposes at 31 December 2021 and 2020 is as follows:

<b>RECONCILIATION OF THE ACCOUNTING RESULT WITH THE CORPORATE TAX BASE</b> <i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
<b>Accounting profit for the year before tax</b>	<b>97,248</b>	<b>131,452</b>
<b>Permanent differences</b>	<b>(9,390)</b>	<b>(57,866)</b>
<b>Adjusted accounting profit</b>	<b>87,858</b>	<b>73,586</b>
<b>Time differences: Anticipated</b>	<b>(636)</b>	<b>(1,993)</b>
Originating in the exercise	4,687	1,262
Arising from previous financial years	(5,323)	(3,255)
<b>Temporary differences: Deferred</b>	<b>957</b>	<b>3,025</b>
Originating in the exercise	(12,815)	(12,555)
Arising from previous financial years	13,772	15,580
<b>Tax base</b>	<b>88,179</b>	<b>74,618</b>

The above table shows the permanent differences for both years. These differences arise from the exemption for the avoidance of double taxation of dividends. In 2021, the calculated exemption affects 95 % of the amount recorded as Dividends in these annual accounts, whereas in 2020 100 % of dividends received from shareholdings above 5 % were deductible.

### 16.4 Tax recognised in equity

There are no significant taxes recognised in equity in FY2021 and FY2020.

### 16.5 Reconciliation between accounting profit and corporate income tax expense.

The calculation of the accounting provision for corporate income tax is as follows:

<b>CALCULATION OF THE ACCOUNTING PROVISION FOR CORPORATION TAX</b> <i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
<b>Profit before tax</b>	<b>97,248</b>	<b>131,452</b>
<b>-Permanent differences</b>	<b>(9,390)</b>	<b>(57,866)</b>
<b>Adjusted accounting balance</b>	<b>87,858</b>	<b>73,586</b>
Gross corporation tax due (25%)	21,965	18,397
+Deductions and allowances	(794)	(582)
+Other Settings	1,188	1,272
<b>Corporate income tax expense</b>	<b>22,359</b>	<b>19,087</b>

At 31 December 2021, "Other adjustments" includes an expense of 2,463 thousand euros for corporate income tax accrued by permanent establishments abroad and income of 1,275 thousand euros for the allocation to income of deferred tax assets of negative taxable income recovered in the 2020 tax year.

At 31 December 2020, "Other adjustments" includes an amount of 2,997 thousand euros for corporate income tax accrued by permanent establishments abroad and income of 1,719 thousand euros for deductions applied in the corporate income tax settlement presented in July 2021.

#### 16.6 Breakdown of corporate income tax expense

The breakdown of the corporate income tax expense in FY2021 and FY2020 is as follows:

<b>Breakdown of corporate tax expense</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Current tax	21,171	17,809
Deferred taxes	1,188	1,278
<b>Total corporate income tax (expense)/revenue</b>	<b>22,359</b>	<b>19,087</b>

#### 16.7 Tax loss carryforwards and deductions pending application

The company has no tax losses or deductions to be applied.

#### 16.8 Outstanding inspection years and inspection actions

At 20 December 2021, the Company has signed tax assessments with an agreement relating to the tax inspection carried out by the Spanish Tax Agency on value added tax and withholdings and payments on account for wages and professionals fees for the period from 1 July 2016 to 31 December 2017, which will result in a payment obligation of Euros 441 thousand for the Company and which at 31 December 2021 is provided for in Other Provisions (note 14).

At the end of 2021, the Company is still subject to a corporate income tax audit for the years 2015 to 2017 due to its membership in those years of the 18/89 Tax Group, of which Fomento de Construcciones y Contratas is the parent company. In these annual accounts no provision is recognised for the tax assessments for this inspection as the Company considers that if there are different criteria for interpreting the tax and accounting regulations, these will not give rise to significant liabilities in these notes to the consolidated financial statements. With regard to the other taxes to which the Company is subject, the last four years remain open for inspection for all taxes, and the directors do not consider that any significant liabilities could arise.

In relation to other years that have been inspected in Group companies, in certain cases, the different criteria applied by the tax authorities have given rise to tax assessments which are being appealed by the corresponding Group companies.

The criteria that the tax authorities may adopt in relation to the years open to inspection could give rise to contingent tax liabilities that cannot be objectively quantified. The directors consider that the liabilities that may arise, both in respect of the years open for review and the assessments issued, will not have a significant effect on the Company's equity.

**NOTE 17. LONG-TERM ACCRUALS AND DEFERRALS**

This item in the balance sheet at 31 December and 2021 includes 2020 the amounts received in tariffs for works and investments involving environmental improvements in the water supply networks, during the construction phase and until they are brought into operation.

**NOTE 18. SURETIES AND GUARANTEES**

At 31 December 2021, the Company has provided guarantees mainly to guarantee the fulfilment of its contractual obligations, as well as to guarantee the presentation of tenders for future contracts, amounting 231,809 thousand euros (234,810 thousand euros at 31 December 2020). In addition, guarantees have been granted to the following group companies for the following amounts (in thousands of euros):

	<b>31.12.21</b>	<b>31.12.20</b>
Abrantaqua	463	463
Aqualia Latinoamérica, S.A.	2,367	2,603
Aguas de las Galeras, S.L.	3,340	727
Aquajerez, S.L.	224	224
Acque di Caltanissetta, S.p.a.	10,481	10,083
Aqualia Czech, S.L.	37	37
Aqualia Intech, S.A.	8,737	11,482
Concesionaria de Desalación de Ibiza, S.A.	9	9
Conservación y Sistemas, S.A.	146	148
Sociedad Española de Aguas Filtradas, S.A.	157	156
Tratamiento Industrial de Aguas, S.A.	21	21
Aqualia México, S.A. de C.V.	3,748	3,748
Aquamaior - Aguas de Campomaior, S.A.	900	900
Empresa Gestora de Aguas Linenses, S.L.	31	30
Hidrotec Tecnología del Agua, S.L.	57	23
Servicios Hídricos de Agricultura y Ciudad, S.L.U.	16	-
Aquos El Realito S.A. de CV	2,099	-
Aqualia Gestión Los Cabos S.A. de CV	4,383	-
<b>TOTAL</b>	<b>37,216</b>	<b>30,654</b>

The directors of the Company do not expect any material liabilities to arise as a result of the guarantees provided.

## NOTE19 . INCOME AND EXPENDITURE

19.1 The distribution of **revenues** by geographical location and type of activity of the Company is as follows:

<b>REVENUE</b>		
<b>BY GEOGRAPHICAL LOCATION</b>		
<i>(Amounts in thousands of euros)</i>		
<b>Autonomous Community</b>	<b>31.12.21</b>	<b>31.12.20</b>
Andalusia	183,604	178,125
Aragon	9,408	8,956
Asturias	29,425	28,470
Balearic Islands	37,729	32,586
Canary Islands	22,889	22,871
Cantabria	21,653	21,645
Castilla - La Mancha	68,579	60,854
Castile - Leon	48,254	46,478
Catalonia	68,272	58,721
Valencian Community	38,607	37,970
Extremadura	44,285	41,576
Galicia	62,578	58,912
Madrid	56,833	107,904
Murcia	32,756	34,177
Navarre	2,824	2,828
Basque Country	2,105	3,016
La Rioja	5,938	5,868
Melilla	1,702	260
<b>National Total</b>	<b>737,441</b>	<b>751,217</b>
<b>International</b>		
United Arab Emirates	400	529
Bosnia and Herzegovina	-	53
Serbia	1	17
Czech Republic	374	124
Algeria	10,921	12,507
Egypt	188	204
Colombia	480	365
Italy	6,279	5,581
France	319	250
Mexico	335	403
Montenegro	-	1
Portugal	1,850	2,260
Saudi Arabia	63	488
Tunisia	-	1
United States	206	157
Ecuador	55	30
Romania	9	5
Panama	-	1,378
Qatar	371	260
Oman	272	283
<b>Total International</b>	<b>22,123</b>	<b>24,895</b>
<b>TOTAL</b>	<b>759,564</b>	<b>776,112</b>
<b>REVENUE BY TYPE OF ACTIVITY</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Supply	404,906	390,801
Sanitation	117,535	116,667
Debugging	97,728	93,986
Hydraulic works	76,311	59,993
Income from equity investments	23,820	73,097
Desalination	12,910	13,712
Other income	26,354	27,856
<b>TOTAL</b>	<b>759,564</b>	<b>776,112</b>

Details of income from equity investments received from group and associated companies in FY2021 and FY2020 are presented below:

<b>DIVIDENDS RECEIVED</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Tratamiento Industrial de Aguas, S.A.	-	25,110
Conservación y Sistemas, S.A.	197	292
Aqualia Czech, S.L.U.	11,044	10,945
Aqua Campiña, S.A.	176	309
Entemanser, S. A.	3,470	3,928
Infraestructuras y Distribución General del Agua, S.A.	62	597
Depurplan 11, S.A.	615	986
Sociedad Ibérica del Agua, S.A.U.	76	73
Aguas de las Galeras, S.L.	232	151
Sociedad Española de Aguas Filtradas, S.A.	-	4,736
Hidrotec Water Technology, S.L.U.	-	4,433
Aquajerez, S.L.	3,032	3,130
Aqualia Mace LLC	674	1,887
Aqualia Infraestructuras Inzenyring	1,275	1,221
Shariket Tahlya Miyah Mostaganem	-	6,561
Aqualia France	-	2,032
Aigües de Vallirana, S.A.U.	-	3,164
<b>TOTAL GROUP COMPANIES</b>	<b>20,853</b>	<b>69,555</b>
IEA Ciudad Real	110	57
AIE Costa Tropical de Granada	690	238
Aguas de Guadix, S.A.	67	37
AIE Costa Brava Ab. Aqualia-Sorea	130	47
Aguas de Narixa, S.A	-	78
Empresa Municipal de Aguas de Linares, S.A.	50	132
Empresa Municipal de Aguas de Benalmádena, S.A.	180	346
Concesionaria de Desalación de Ibiza, S.A.	167	148
Aguas de Alcázar, S.A.	228	409
A.I.E. Sorea - Aqualia	95	84
Codeur, S.A	181	-
Shariket Miyeh Ras Djinet S. p.a	245	781
Suministros Aguas de Querétaro, S.A. de C.V.	58	42
Orasqualia O&M	538	919
Oman Sustainable Water Services SAOC	228	226
<b>TOTAL PARTNER COMPANIES</b>	<b>2,967</b>	<b>3,542</b>
<b>TOTAL DIVIDENDS</b>	<b>23,820</b>	<b>73,097</b>



Of the total revenue, the joint ventures contribute as follows, in thousands of euros:

<b>TEMPORARY JOINT VENTURES</b>	<b>31.12.21</b>	<b>31.12.20</b>
UTE Agua Santo Domingo	106	144
UTE Aguas de Alcalá	7,267	7,038
Aigües Els Poblets Joint Venture	-	101
UTE Puebla Reina	55	-
Aqualia - FCC Vigo joint venture	42,318	40,851
Aqualia - Riofabar Piloña Joint Venture	325	316
Granadilla de Abona Sports Centre UTE	376	369
UTE Consorcio Louro	1,409	2,791
UTE Costa Tropical III	372	1,198
UTE Depuración Poniente Almería	1,664	1,623
UTE EDAM Santa Eulalia	1,758	-
UTE EDAR A Guarda 2013	37	40
UTE EDAR Albuñol	-	94
UTE Depuradoras Lot 1	2,861	-
UTE EDAR Ranilla	1,366	1,444
UTE EDAR Reinosa	171	476
UTE ETAP East	-	237
FCC - Aqualia Oviedo Joint Venture	15,428	14,859
UTE Gestión Cangas	1,745	1,423
UTE Groupement Solidaire Jerba	-	1
UTE Hidr-Inv. Do Centr. Ace	48	486
Mancomunidad de Órbigo Joint Venture	171	179
UTE C.H. Talave II	86	-
UTE OYM Cap Djinet	4,580	5,026
UTE OYM Mostaganem	6,309	7,446
UTE Sevilla Territorial Areas	426	-
UTE Redondela	1,982	1,974
Ute Sollanoko Ura	239	1,013
UTE USSA A 17	720	1,040
UTE Sollano Zalla	431	-
UTE Reparaciones Lot 9	3,355	3,635
UTE C.H. Talave	-	69
UTE Alcantarillado Burgos	235	233
UTE Alcantarillado Madrid Lot D	9,782	8,371
UTE Saneamiento EMASA	437	-
UTE Cruz Street	(20)	(6)
Ute IDAM Santa Eulalia II	104	-
UTE Consorcio PTAR Arraiján	-	1,378
UTE TSE Riyadh	22	480
UTE Fuentes de Cádiz	95	114
UTE Qatar	195	-
Argamasilla de Calatrava WWTP Works Joint Venture	1,107	1,328
UTE Galindo- Beurko	-	378
UTE Idam Santa Eulalia	255	284
UTE Alcantarillado Alcoy	103	101
UTE Zaragoza Sewerage	1,439	1,000
Bajo Almanzora Desalination Plant UTE	-	299
UTE Expansion IDAM melilla	1,702	261
UTE Abastecimiento Picadas Almuquera Supply Joint Venture	7,159	2,325
UTE Estaciones Perales	259	48
UTE Improvements San Isidro Park	1	-
<b>TOTAL</b>	<b>118,480</b>	<b>110,467</b>

## 19.2 Income and expenditure with related parties in the 2021 and 2020:

<b>OPERATIONS WITH GROUP COMPANIES IN 2021</b>				
<i>(Amounts in thousands of euros)</i>				
	OPERATIONAL		FINANCIAL	
	EXPENDITURE	REVENUE	EXPENDITURE	REVENUE
Abrantaqua, S.A.	-	172	-	89
Acque di Caltanissetta, S.P.A.	202	6,248	-	-
Aqualia Intech, S.A.	2,037	1,503	-	147
Aquamaior - Aguas de Campo Maior, S.A.	-	205	-	12
Aqualia México, S.A. de C.V.	(17)	629	173	54
Aqualia Infrastructures Inzenyring, s.r.o.	-	4	-	-
Aquaelvas - Aguas de Elvas, S.A.	-	469	-	-
Aquafundalia - Aguas do Fundao, S.A.	-	501	-	-
Aguas de Alcázar Empresa Mixta, S.A.	-	433	-	66
Aguas de Las Galeras, S.L.	-	98	-	1,295
AISA Pristina LLC	-	19	-	-
AISA Montenegro	-	4	-	-
Aquajerez, S.L.	145	6,034	-	588
Aqualia Mace LLC	-	464	-	-
Aqualia Desalación Guaymas, S.A. de C.V.	-	55	-	-
Aqualia France	-	382	23	-
Aigües de Vallirana, S.A.U.	-	30	-	3
Aqua Campiña, S.A.	-	320	-	11
Aguas de Guadix, S.A.	-	254	-	-
Cartagua, Aguas do Cartaxo, S.A.	-	384	-	146
Conservación y Sistemas, S.A.	-	235	48	-
Depurplan 11, S.A.	-	969	-	69
Ecoactiva de Medioambiente, S.A.	16	-	-	-
Empresa Gestora de Aguas Linenses, S.L.	140	344	-	145
Entemanser, S.A.	443	513	-	-
Fedemes, S.L.	2,974	35	-	-
Fomento de Construcciones y Contratas, S.A.	12,765	504	-	29,028
FCC USA Aqualia Corp	-	82	-	-
FCC Ámbito, S.A.	61	-	-	-
FCC Construcción, S.A.	(36)	599	-	-
FCC Equal CEE, S.L.	15	-	-	-
FCC Industrial e Infraestructuras Energéticas, S.A.	241	8	-	-
FCC Medio Ambiente, S.A.	63	99	-	-
Gamasur Campo Gibraltar, S.A.	58	-	-	-
Hidrotec Tecnología del Agua, S.L.	30,043	224	1	2
H.A.A. & CO. Integrated Serv	-	53	-	-
Infraestructuras y Distribución General de Agua, S.L.	466	175	-	-
Matinsa, S.A.	-	32	-	-
Handling and Recovery MAREPA, S.A.	6	-	-	-
Prefabricados Delta, S.A.	8	-	-	-
Sdad. Española de Aguas Filtradas, S.A.	3,938	817	-	21
Severomoravske Vodovody A Kanalizace Ostrava AS	-	359	-	-
Tratamiento Industrial de Aguas, S.A.	19,977	302	3	-
Vodotech, spol. s. r. o	-	10	-	-
Aridos de Melo, S.L.	150	-	-	-
Qatarat Saquia Desalination	-	1	-	252
Ecosistema de Morelos, S.A. de C.V.	-	-	-	374
Watersur, S.L.	-	(5)	-	-
Aqualia Latinoamérica, S.A.	-	1	-	-
Aqualia MACE Qatar	-	176	-	-
Villena O&M, S.L.	-	45	-	-
<b>TOTAL</b>	<b>73,698</b>	<b>23,788</b>	<b>248</b>	<b>32,302</b>

**OPERATIONS WITH GROUP COMPANIES IN 2020**

*(Amounts in thousands of euros)*

	OPERATIONAL		FINANCIAL	
	EXPENDITURE	REVENUE	EXPENDITURE	REVENUE
Abrantaqua, S.A.	-	129	-	91
Acque di Caltanissetta, S.P.A.	70	5,583	-	46
Aqualia Intech, S.A.	132	1,681	-	107
Aquamaior - Aguas de Campo Maior, S.A.	-	146	-	13
Aqualia México, S.A. de C.V.	-	614	160	-
Aqualia Infrastructures Inzenyring, s.r.o.	-	5	-	-
Aquaelvas - Aguas de Elvas, S.A.	-	386	-	56
Aquafundalia - Aguas do Fundao, S.A.	-	600	-	41
Aguas de Alcázar Empresa Mixta, S.A.	2	676	-	117
Aguas de Las Galeras, S.L.	-	99	(1)	1,586
AISA Pristina LLC	-	40	-	-
AISA Montenegro	-	14	-	-
Aquajerez, S.L.	427	5,887	-	623
Aqualia Mace LLC	109	818	-	-
Aqualia Desalación Guaymas, S.A. de C.V.	-	99	-	-
Aqualia France	-	250	-	-
Aigües de Vallirana, S.A.U.	-	28	114	-
Aqua Campiña, S.A.	10	438	-	17
Aguas de Guadix, S.A.	-	147	-	-
Cartagua, Aguas do Cartaxo, S.A.	-	839	-	150
Conservación y Sistemas, S.A.	58	375	47	-
Depurplan 11, S.A.	-	981	-	94
Ecoactiva de Medioambiente, S.A.	10	-	-	-
Empresa Gestora de Aguas Linenses, S.L.	156	412	-	313
Entemanser, S.A.	563	512	-	-
Fedemes, S.L.	2,912	-	-	-
Fomento de Construcciones y Contratas, S.A.	12,758	272	-	29,107
FCC USA Aqualia Corp	-	95	-	-
FCC Ámbito, S.A.	74	-	-	-
FCC Construcción, S.A.	46	498	-	-
FCC Equal CEE, S.L.	8	-	-	-
FCC Industrial e Infraestructuras Energéticas, S.A.	145	80	-	-
FCC Medio Ambiente, S.A.	52	149	-	-
Gamasur Campo Gibraltar, S.A.	46	-	-	-
Hidrotec Tecnología del Agua, S.L.	28,156	355	2	-
H.A.A. & CO. Integrated Serv	-	50	-	-
Infraestructuras y Distribución General de Agua, S.L.	393	115	-	-
Integraciones Ambientales de Cantabria, S.A.	7	-	-	-
Matinsa, S.A.	3	40	-	-
Handling and Recovery MAREPA, S.A.	2	-	-	-
Megaplas, S.A.	40	-	-	-
Prefabricados Delta, S.A.	20	-	-	-
Sdad. Española de Aguas Filtradas, S.A.	4,049	818	3	-
Severomoravske Vodovody A Kanalizace Ostrava AS	-	311	-	-
Tratamiento Industrial de Aguas, S.A.	21,578	468	13	-
Vodotech, spol. s. r. o	-	10	-	-
Aridos de Melo, S.L.	108	-	-	-
Servicios Hídricos Agricultura y Ciudad, S.L.U.	-	13	-	96
Qatarat Saquia Desalination	-	-	-	260
Ecosistema de Morelos, S.A de C.V.	-	-	-	259
Watersur, S.L.	-	5	-	-
<b>TOTAL</b>	<b>71,934</b>	<b>24,038</b>	<b>338</b>	<b>32,976</b>

**TRANSACTIONS WITH AFFILIATED COMPANIES IN 2021**

*( Amounts in thousands of euros )*

	OPERATIONAL		FINANCIAL	
	EXPENDITURE	REVENUE	EXPENDITURE	REVENUE
Supply to Alta Costa Brava Mixed emp.	-	2	-	-
Aguas de Denia, S.A.	256	-	-	-
Aguas de Archidona, S.L.	-	534	-	28
Aigües del Segarra Garrigues. S.A.	-	127	-	-
Aigües del Vendrell, S.A.	22	451	-	265
Aguas de Langreo, S.A.	8	220	-	164
Aguas de Narixa, S.A.	-	155	-	257
Aguas de Priego, S.L.	-	101	-	157
A.I.E. Costa Tropical de Granada	4	1,658	-	1,309
A.I.E. I.T.A.M. Tordera Delta	-	-	-	-
A.I.E. Sorea - Aqualia	-	17	-	-
A.I.E. Costa Brava	-	-	-	-
Codeur, S.A.	-	22	-	-
Cía. Servicios Medioambientales Atlántico, S.A.	-	122	-	-
Concesionaria Desalación Aguas de Ibiza, S.A.	-	456	-	-
Empresa Municipal de Aguas de Linares, S.A.	13	4,112	-	-
Emanagua Eª Mpal. De Aguas de Níjar, S.A.	1,022	4,034	-	18
Empresa Mixta de Aguas de Ubrique, S.A.	-	1,110	-	-
Empresa Mixta de Aguas y Servicios, S.A.	243	392	-	-
Empresa Mixta de Aguas de Jódar, S.A.	8	583	-	63
Empresa Mpal. De Aguas de Algeciras, S.A.	2,732	10,540	-	47
Empresa Mpal. Aguas de Benalmádena, S.A.	-	716	-	22
Empresa Mpal. Aguas de Toxiria, S.A.	(13)	1,058	-	-
Girona, S.A.	-	24	-	-
Hormigones Reinares, S.A.	2	-	-	-
New Company of Aguas de Ibiza, S.A.	58	2	-	-
Orasqualia Devel. Waste T.P. S.A.E.	-	96	-	-
Orasqualia O&M	-	69	-	-
Oman Sustainable Water Services SAOC	-	272	-	-
Proveiments d'Aigua, S.A.	35	-	-	-
Shariket Miyeh Ras Djinet	-	4,580	-	-
Shariket Tahlya Miyah Mostaganem	0	6,309	-	-
Constructora de Infr. de Aguas de Querétaro, S.A. de C.V.	-	-	-	-
<b>TOTAL</b>	<b>4,390</b>	<b>37,762</b>	<b>0</b>	<b>2,330</b>

**TRANSACTIONS WITH AFFILIATED COMPANIES IN 2020**

*( Amounts in thousands of euros )*

	OPERATIONAL		FINANCIAL	
	EXPENDITURE	REVENUE	EXPENDITURE	REVENUE
Supply to Alta Costa Brava Mixed emp.	-	5	-	-
Aguas de Denia, S.A.	256	-	-	-
Aguas de Archidona, S.L.	13	510	-	29
Aigües del Segarra Garrigues. S.A.	-	131	-	-
Aigües del Vendrell, S.A.	18	514	-	271
Aguas de Langreo, S.A.	25	146	-	180
Aguas de Narixa, S.A.	-	165	-	270
Aguas de Priego, S.L.	-	122	-	163
A.I.E. Costa Tropical de Granada	4	2,394	-	1,114
A.I.E. I.T.A.M. Tordera Delta	1	-	-	-
A.I.E. Sorea - Aqualia	-	52	-	-
A.I.E. Costa Brava	-	87	-	-
Betearte, S.A.U.	24	-	-	-
Cía. Servicios Medioambientales Atlántico, S.A.	-	118	-	-
Concesionaria Desalación Aguas de Ibiza, S.A.	-	449	-	-
Empresa Municipal de Aguas de Linares, S.A.	22	4,542	-	-
Emanagua Eª Mpal. De Aguas de Níjar, S.A.	981	3,849	-	26
Empresa Mixta de Aguas de Ubrique, S.A.	5	1,040	-	-
Empresa Mixta de Aguas y Servicios, S.A.	241	395	-	-
Empresa Mixta de Aguas de Jódar, S.A.	(14)	562	-	66
Empresa Mpal. De Aguas de Algeciras, S.A.	2,331	10,144	-	15
Empresa Mpal. Aguas de Benalmádena, S.A.	-	736	-	34
Empresa Mpal. Aguas de Toxiria, S.A.	188	987	-	-
Girona, S.A.	-	24	-	-
Hormigones Reinares, S.A.	3	-	-	-
New Company of Aguas de Ibiza, S.A.	(2)	2	-	-
Orasqualia Devel. Waste T.P. S.A.E.	-	96	-	-
Orasqualia O&M	-	96	-	-
Oman Sustainable Water Services SAOC	-	283	-	-
Proveiments d'Aigua, S.A.	51	-	-	-
Shariket Miyeh Ras Djinet	-	5,026	-	-
Shariket Tahlya Miyah Mostaganem	-	7,446	-	-
Constructora de Infr. de Aguas de Querétaro, S.A. de C.V.	1	-	-	-
<b>TOTAL</b>	<b>4,126</b>	<b>39,921</b>		<b>2,168</b>

Transactions with Shariket Tahlya Miyah Mostaganem S.p.A. and Shariket Miyeh Ras Djinet S.p.A. are denominated in US Dollars, while those with Orasqualia Development Waste Water Treatment Plant, S. A.E. are denominated in Egyptian Pounds; those with Aquos El Realito, S.A. CV are denominated in Mexican Pesos and those with Severomoravske Vojvodina, S.A. are denominated in Mexican Pesos. A.E. are denominated in Egyptian Pounds; those with Aquos El Realito, S.A. de CV are denominated in Mexican Pesos and those with Severomoravske Vodovody A Kanalizace Ostrava AS are denominated in Czech Korunas.

Information on balances and transactions with the members of the board of directors are detailed in the Note 22.

19.3 Procurements. Details at 31 December 2021 and 2020 are as follows:

<b>PROCUREMENT</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Consumption of goods	90,377	88,339
Consumption of raw materials and other consumables	99,624	88,187
Work carried out by other companies	87,280	83,488
<b>TOTAL</b>	<b>277,281</b>	<b>260,014</b>

19.4 External services. Details as at 31 December 2021 and 2020:

<b>EXTERNAL SERVICES</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Research and development expenditure	-	4
Leases and royalties	66,591	63,802
Repairs and maintenance	6,193	4,703
Independent professional services	17,358	14,259
Transport	273	217
Insurance premiums	6,055	4,374
Banking and similar services	3,343	3,311
Advertising, publicity and public relations	1,224	1,589
Supplies	3,615	3,060
Other services	31,388	31,406
<b>TOTAL</b>	<b>136,040</b>	<b>126,725</b>

19.5 The average number of persons employed during FY2021 and FY2020 is shown below:

CATEGORIES	No. of employees		Men		Women	
	2021	2020	2021	2020	2021	2020
Executives and managers	104	101	99	94	5	7
Supervisors	820	795	653	633	167	162
Technicians	657	642	370	374	287	268
Administrative	779	732	189	190	590	542
Various trades	3,367	3,359	3,213	3,145	154	214
<b>TOTAL</b>	<b>5,727</b>	<b>5,629</b>	<b>4,524</b>	<b>4,436</b>	<b>1,203</b>	<b>1,193</b>

The number of persons employed at the end of each financial year is shown below:

CATEGORIES	No. of employees		Men		Women	
	2021	2020	2021	2020	2021	2020
Executives and managers	94	104	89	97	5	7
Supervisors	836	806	666	640	170	166
Technicians	677	639	378	373	299	266
Administrative	794	738	187	191	607	547
Various trades	3,354	3,414	3,223	3,194	131	220
<b>TOTAL</b>	<b>5,755</b>	<b>5,701</b>	<b>4,543</b>	<b>4,496</b>	<b>1,212</b>	<b>1,206</b>

The Company has 92 employees with a disability equal to or greater than 33% as at 31 December 2021 (94 as at 31 December 2020).

19.6. Wages, salaries and similar. The detail at 31 December 2021 and 2020 is as follows:

<b>WAGES AND SALARIES</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Wages, salaries and similar.	157,914	153,903
Indemnities	1,181	2,019
<b>TOTAL</b>	<b>159,095</b>	<b>155,922</b>

19.7. Social security charges. As at 31 December 2021 and 2020:

<b>SOCIAL CHARGES</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Social security to be paid by the company	52,086	49,911
Other social expenditure	2,720	2,471
<b>TOTAL</b>	<b>54,806</b>	<b>52,382</b>

19.8. Financial expenses. These were as follows at 31 December 2021 and 2020:

<b>FINANCIAL EXPENSES</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Interest on debts with group and associated companies (Note 19.2)	248	338
Interest on debts to third parties (Note 15.1)	30,380	30,843
Restatement of provisions (Note 14)	1,953	290
<b>TOTAL</b>	<b>32,581</b>	<b>31,471</b>

19.9. Exchange differences. These are as follows at 31 December 2021 and 2020:

<b>EXCHANGE RATE DIFFERENCES</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Positive exchange rate differences	7,491	10,323
Negative exchange rate differences	(6,174)	(12,948)
<b>TOTAL</b>	<b>1,317</b>	<b>(2,625)</b>

19.10. Impairment and gain or loss on disposal of financial instruments. Details as at 31 December 2021 and 2020:

<b>IMPAIRMENTS AND LOSSES</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Impairment of non-current investments in Group companies and associates (Note 7.1)	(8,186)	(13,085)
Other	(1,519)	(66)
<b>TOTAL</b>	<b>(9,705)</b>	<b>(13,151)</b>

19.11. Losses, impairment and changes in provisions for trading operations.

The heading "Losses, impairment losses and changes in trade provisions" in the accompanying income statement for the year 2021 and 2020 basically includes the following items:

<b>LOSSES, IMPAIRMENT AND CHANGES IN PROVISIONS FOR TRADING OPERATIONS</b>		
<i>(Amounts in thousands of euros)</i>		
	<b>31.12.21</b>	<b>31.12.20</b>
Provision for Loan Loss Provision (see note 10.4)	3,592	4,183
Reversal Provision for bad debts (see note 10.4)	(3,278)	(2,082)
Losses on bad debts (see note 10.4)	3,035	1,352
Other short-term provisions	1,242	929
<b>TOTAL</b>	<b>4,591</b>	<b>4,382</b>

19.12. Other current administrative expenditure.

The heading "Other current operating expenses" in the accompanying income statement for the year 2021 basically includes at 31 December 2021, 1,663 thousand euros originating from long-term provisions (see note 14) (2,237 thousand euros for the same item at 31 December 2020).

## **NOTE 20. REMUNERATION OF AUDITORS**

The Company's auditor at year-end 2020 is E&Y S.L.

The fees accrued during the year for services rendered by the Statutory Auditor are as follows:

	<b>2021</b>			<b>2020</b>		
	Lead Auditor	Lead Auditor	Lead Auditor	Lead Auditor	Other auditors	Total
Audit Services	77	-	77	128	-	128
Other Verification Services	100	510	610	14	860	874
<b>Total Audit and Related Services</b>	<b>177</b>	<b>510</b>	<b>687</b>	<b>142</b>	<b>860</b>	<b>1,002</b>
Tax Advisory Services	-	16	16	-	-	-
Other services	-	12	12	-	43	43
<b>Total professional services</b>	<b>-</b>	<b>28</b>	<b>28</b>	<b>-</b>	<b>43</b>	<b>43</b>
<b>TOTAL</b>	<b>177</b>	<b>538</b>	<b>711</b>	<b>142</b>	<b>903</b>	<b>1,045</b>



## NOTE 21. ENVIRONMENTAL INFORMATION

Aqualia continues to support, as one of its priority objectives, the fulfilment of the United Nations Sustainable Development Goals (SDGs), focusing on those that affect the water sector and its stakeholders:

- NO. 3. Promote general welfare.
- Nº 6. Sustainable Water and Sanitation.
- NO. 7. Clean energy.
- NO. 8. Promote sustained economic growth.
- NO. 9. Building resilient infrastructure.
- NO. 11. Achieving sustainable cities.
- No. 12. Ensure sustainable production and consumption.
- No. 13. Take urgent action to combat climate change.
- NO. 14. Conserve marine resources in a sustainable manner.
- NO. 15. Combating desertification and protecting biodiversity.
- No. 17. Partnerships to achieve the objectives.

As proof of this, in 2021 Aqualia was the first company in the sector to have its **Strategy for the Contribution to the Sustainable Development Goals** certified by Aenor, in addition to the annual Sustainability Report, under GRI criteria.

Aqualia is also continuing with its strategy of creating shared value, responding to the expectations of its stakeholders and developing tools that enable it to understand and measure its social and environmental impacts, in order to support the creation of economic value and increase the company's competitiveness (calculation of social and environmental footprints). To this end, in 2021, work has been carried out on the following aspects:

1. **Integration of the new ISO 45001 Standard** in Aqualia's Management System, establishing already integrated Management System Committees and carrying out integrated audits, both internal and external (Aenor).
2. **Increased efficiency in the process of internal audits**, through the publication of integrated reports, and external audits, with four-qualified auditors, which allow audits of the Quality, Environmental, Energy, Carbon Footprint calculation and Health and Safety at Work Management Systems to be carried out.
3. Increasing the scope of the **Energy Management and Climate Change** strategy.
  - Follow-up of contracts with energy review.
  - Calculation of the Carbon Footprint at fixed perimeter 2020.

- Calculation and verification of the Carbon Footprint of all Aqualia's activity in Spain and Portugal 2020.
  - Registration in the Carbon Footprint Register of the Spanish Office for Climate Change (OECC) of the Ministry of Ecological Transition and Demographic Challenge (MITERD) for all Aqualia's activity in Spain, requesting the "CALCULO+REDUZCO" Certificate for 2020.
  - Carbon Footprint Reduction Plan for Aqualia's activity 2020 - 2022.
  - Verification of emissions avoided in the MITERD OECC CLIMA Project, approved in 2018, for the use of alternative fuels, specific to the company's activity, in automobiles.
  - Monitoring of the project to implement the Energy Management System in all activities in Spain, in compliance with RD 56/2016.
4. Participation in **Aenor** meetings and conferences and in **ACS** working groups.
  5. Participation in the **Circular Economy Commission** of the **Spanish Chamber of Commerce**, where legislative initiatives are analysed and meetings are held with political leaders.

As a complement to all of the above, the strategy with the Company's stakeholders has been maintained, consisting of incorporating the treatment of Aqualia's stakeholders and the Company's context analysis into the Management System, as a requirement of the new Standards and as support for other Aqualia departments in their daily work (Clients, Compliance, Communication, CSR, HR, etc.).

### Energy Management

The **energy management** of production facilities has been a strategic line of action for the company since its inception, with the optimisation of energy consumption being an objective of continuous improvement.

This is reflected in the calculation of the company's Carbon Footprint at its operations in Spain, verified in accordance with the guidelines of the UNE-ISO 14064 Standard by Aenor, where the impact of energy management (Scope 2) can be seen in the 13% reduction in emissions compared to the previous year.

### Greenhouse gas emissions Spain (2020):

	t CO2	t CH4	t N2O	GHG 2020 (t CO2e)	%
Scope 1	9,984,80	2,233,50	24,30	78,971,30	45,49%
Scope 2	63,437,10	0,00	0,00	63,437,10	36,54%
Scope 3	14,571,00	0,00	62,80	31,201,40	17,97%
<b>TOTAL</b>	<b>87,992,90</b>	<b>2,233,50</b>	<b>87,10</b>	<b>173,609,80</b>	

### Greenhouse gas emissions Spain (2019):

	t CO2	t CH4	t N2O	GEI 2019 (t CO2e)	%
Scope 1	7,615,4	2,173,3	24,2	74,876,9	37,5%
Scope 2	94,583,3	0,0	0,0	94,583,3	47,4%
Scope 3	13,346,2	0,0	63,3	30,111,1	15,1%
<b>TOTAL</b>	<b>115,544,8</b>	<b>2,173,3</b>	<b>87,4</b>	<b>199,571,3</b>	

In this respect, two projects were launched as early as 2020, each of which focuses on GHG reduction.

On the one hand, the signing of a PPA (Power Purchase Agreement) for 76 GWh/year of renewable energies (photovoltaic), which began operating in July 2020 and which will lead to a reduction in emissions of around 15,200 t CO2e/year.

On the other hand, the project for the installation of 3.2 MWp of peak power, of photovoltaic panels, which will supply 26 consumption points, with an expected annual production of 5 GWh/year, which will result in a reduction of GHG emissions of around 1,000 t CO2e/year.

During 2021, the second phase of the installation of solar panels began, the objective of which is to reduce a further 820 t CO2e/year by installing 3.14 MWp of photovoltaic panels, which will supply 52 consumption points.

Special mention should be made of the installation of a 0.84 MWp photovoltaic park at the Guadalete WWTP in Jerez de la Frontera (Cadiz).

### Improvements to reduce energy consumption

Since 2016, and every four years, the company has been subjecting a set of production facilities that consume more than 85% of the company's total consumption to energy audits (in accordance with the ISO 50001-Energy Management Systems standard). In order to monitor the opportunities for improvement detected in the audits, an IT tool has been implemented. This tool is integrated with Aqualia's technical reporting/analysis tool (AqualiaRT/AqualiaBI), allowing the actions and results obtained in the audits to be monitored.

Among the actions being carried out is the piloting of an energy optimisation system for offices and warehouses, to be developed initially in seven locations, with the aim of rationalising the use of energy in lighting and air conditioning in these administrative centres. It is expected to be implemented between the end of 2021 and the first quarter of 2022.

### NOTE22 . TRANSACTIONS WITH DIRECTORS AND MANAGEMENT OF THE COMPANY

#### *Board of Directors.*

The members of the Board of Directors have not received any remuneration from the Company.

In addition, no advances, loans or other guarantees of any kind have been granted to these members of the Board of Management, nor have any pension or life insurance obligations been entered into in respect of them.

Board members who hold positions in companies in which FCC Aqualia, S.A. participates do not directly or indirectly participate in other companies of the FCC Aqualia Group, but may hold positions, perform functions and/or have stakes of less than 0.01% in other companies of the FCC Group and the IFM Group.

No significant transactions involving a transfer of resources or obligations between Group companies and their managers or directors were carried out in financial year 2020.

Management Team:

The amount accrued for remuneration to members of the management team for salaries in 2021 amounts to 4,526 thousand euros (4,181 thousand euros in 2020). The management team consists of 19 persons in 2021, the same number as in 2020.

#### **NOTE 23. FINANCIAL RISK MANAGEMENT POLICY**

The concept of financial risk refers to the variation, due to political, market and other factors, of the financial instruments contracted by the Company and their impact on the financial statements.

FCC Aqualia's risk management philosophy, in line with that of the FCC Group, is consistent with the business strategy, seeking maximum efficiency and solvency at all times, for which strict financial risk control and management criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred by the Company's operations, with the risk policy being correctly integrated into its organisation.

##### Exchange rate risk

It arises from the different exchange rates used in investments and transactions with subsidiaries, associates and joint ventures, as well as with third parties whose activities are carried out in a functional currency other than that of the reporting company.

The directors of the Company estimate that the impact of this risk will be insignificant.

##### Credit risk.

Credit risk is the risk that the counterparty to a contract will default on its contractual obligations, resulting in a financial loss to the Company. The Company has adopted a policy of dealing only with creditworthy third parties and obtaining sufficient collateral to mitigate the risk of financial loss in the event of default.

Its main customers are public bodies or ultimate consumer customers in activities related to the integral water cycle, so it does not have significant exposure to credit risk. Likewise, the concentration of credit risk is not significant.

### Solvency risk

At 31 December FCC Aqualia's net financial 2021 indebtedness amounted 127,277 thousand euros (47,786 thousand euros in 2020), as shown in the following table:

	Amounts in thousands of euros	
	2021	2020
Bonds and other marketable securities (Note 15.1)	1,362,850	1,361,730
Amounts owed to credit institutions (Note 15.2)	200,450	-
Current financial liabilities with group companies (excluding tax effect) (note 15.3)	50,355	53,876
Financial debts with third parties (note 15)	8,246	8,932
Loans to companies (excluding loans to Group companies due to tax effect) (note 8)	(968,210)	(970,565)
Other current financial assets (note 8.3)	(24,332)	(18,447)
Short-term loans to third parties (note 9.2)	(10,015)	(14,675)
Treasury and cash equivalents	(492,067)	(373,365)
<b>Net financial indebtedness</b>	<b>127,277</b>	<b>47,486</b>

### Liquidity risk

At 31 December 2021, the Company has reclassified to current financial liabilities the bond maturing on 8 June 2022, which is valued at EUR 699,625 thousand, resulting in a negative working capital of EUR 482,955 thousand (positive working capital of EUR 169,048 thousand at 31 December 2020). The bond renewal process has already begun.

FCC Aqualia, S.A. has been granted a credit line of Euros 900,000 thousand as a contingent credit facility, which matures on 4 May 2022 and may be extended at the Company's discretion for a further six months to cover the amount of FCC Aqualia's and SmVak's obligations, which mature in June and July 2022, respectively. This policy has accrued a structuring fee of Euros 900 thousand, of which Euros 450 thousand has been recognised and is pending disbursement at 31 December 2021. On 2 February 2022, an extension of the maturity of the credit facility was signed at the Company's discretion until 31 January 2023.

### Covid-19 risk.

In the second year of the Covid-19 pandemic, the latter has had some impact on the accompanying financial statements in both operational and liquidity terms, mainly originating in the holdings located in the Canary Islands, the Balearic Islands and some services on the mainland coast, where tourism activity has been affected. This has led, in some cases, to the updating of the main estimates affecting the financial statements.

In terms of operational management, the impact of the Covid-19 crisis on the Company has been limited, except for the management of sports facilities that have been closed during certain phases of the pandemic, given that the Company's activity has been considered by the various national authorities as essential without relevant interruptions of activity or loss of profitability in most of the assets.

In this regard, as shown in the accompanying income statement, the Company maintains a positive "Profit from operations" of 99,732 thousand euros, which represents 13% of the net turnover figure. Cash flows from operating activities" amounted 20,023 thousand euros, as can be seen in the attached cash flow statement.

In terms of liquidity, the Company maintains current accounts managed on a cash pooling basis with its subsidiaries, ensuring a comfortable financial position in the event of liquidity strains.

In the light of the situation created by the Covid-19 crisis, the Company has carried out an analysis of the main estimates affecting the accompanying financial statements:

-Fixed assets:

The recoverable amount of the main items of fixed assets that could show signs of impairment has been reviewed (note 5 and 6).

-Financial instruments:

The recoverable amount of the main financial instruments has been reviewed (note 7 and 8).

Additionally, in relation to trade receivables, no significant non-payment problems have been identified. There are no material non-impaired trade receivables of doubtful recoverability. Average collection periods are in line with previous years, although during the year there have been occasional delays in the months in which there have been restrictions on mobility, affecting those customers who do not have direct debit collection. Once these restrictions were overcome, the levels were similar to those of previous years.

-Deferred tax assets:

The assumptions (both in operational and tax terms) on the recoverability of these assets, as at December 2019, have been updated and, under the same criteria used at that date, the impact of Covid-19 does not entail a reversal of the deferred tax assets or a significant change in the recovery periods.

-Provisions:

The level of provisions (note 14) is considered adequate to cover all risks considered probable.

In view of the above, taking into account the limited impact, the measures to secure the assets undertaken as well as the existing liquidity buffers, the Company has prepared its financial statements on a going concern basis, as there are no doubts about the continuity of the Company.

## **NOTE 24. OTHER INFORMATION**

### **24.1. Post-closure events**

#### ***Acquisition of a majority stake in Georgia Global Utilities***

On 31 December 2021, the Company agreed to acquire an 80% equity interest in the water services business of Georgia Global Utilities (GGU) for a cash consideration of USD180 million through a two-step transaction, as described below.

GGU, a subsidiary of Georgia Capital PLC (GCAP) to date, is a water and renewable energy utility that supplies drinking water and provides wastewater collection and processing services to nearly 1.4 million people in Georgia and generates electricity through its portfolio of eight hydropower plants. GGU's water supply and sanitation services business is a natural monopoly in and around the capital city of Tbilisi, including the cities of Rustavi and Mtskheta, which supply drinking water to these areas. The customer base for this business includes commercial and residential customers.

#### *First stage*

In the first stage of the Transaction, the Company acquires a 65% equity interest in GGU, including its water services business and the operating assets of its renewable energy business, representing an 80% economic interest in GGU's water services business. The first stage was completed on 2 February 2022 following the approval of the Transaction by Georgia Capital's shareholders at the AGM held in London, the company's headquarters, on 31 January 2022.

#### *Second stage*

As the Company is seeking to acquire a majority stake in the water services business, but not in GGU's renewable energy business, the second stage of the Transaction will consist of the spin-off of GGU's renewable energy assets. Completion of the second stage is expected to occur in the third quarter of 2022 and is conditional upon: (i) the receipt of anti-trust clearance from the Georgian National Competition Authority; and (ii) the repayment of GGU's USD250 million 7.75% debentures due 30 July 2025.

Upon fulfilment of the above conditions, the renewable energy business of GGU will be spun off and transferred back to GCAP. As a result, the Company will indirectly own an 80% shareholding and Georgia Capital will own a 20% shareholding in GGU, which will then be a holding company for the water services business only.

For the purpose of the redemption of the GGU Bond, which is expected to occur around 1 August 2022, the Company has agreed to provide a shareholder loan to GGU in an amount equal to USD164.3 million, corresponding to its proportionate shareholding in GGU after the completion of the first stage. The remaining amount required to redeem the GGU Bond will be provided by Georgia Capital.

Upon completion of the second stage, GGU is expected to refinance its debt (including shareholder loans) with a new corporate debt issuance.

#### *Put and call options*

In addition, and in the context of the Transaction, the Company and GCAP have granted each other a put option and a call option, respectively, over GCAP's remaining 20% interest in the share capital of GGU (upon completion of the second stage). The put option granted to GCAP may be exercised in each of the two half-yearly periods immediately following the approval by the shareholders of the audited consolidated accounts of GCAP for each of the years ended 31 December 2024 and 2025. The call option granted to the Issuer may be exercised in the period commencing on the expiry date of the put option and expiring six months thereafter.

### ***Amortisation of loan contract for variable interest provisions and creation of a new contract***

On 25 January 2022, the Company has early cancelled the loan agreement for variable interest provisions amounting to EUR 200,000 thousand which was fully drawn down and in cash at 31 December 2021.

Also, on 25 January 2022, the Company signed a new loan contract for variable interest provisions maturing on 31 March 2023 for an amount of 200,000 euros and bearing interest at Euribor + 0.35%. This new contract may be used for the Company's occasional cash requirements and for the redemption of the aforementioned GGU bonds.

FCC Aqualia, S.A. has been granted a credit line of Euros 900,000 thousand as a contingent credit facility, which matures on 4 May 2022 and may be extended at the Company's discretion for a further six months to cover the amount of FCC Aqualia's and SmVak's obligations, which mature in June and July 2022, respectively. This policy has accrued a structuring fee of Euros 900 thousand, of which Euros 450 thousand has been recognised and is pending disbursement at 31 December 2021. On 2 February 2022, an extension of the maturity of the credit facility was signed at the Company's discretion until 31 January 2023.

### ***Other facts***

There have been no other events subsequent to year-end that significantly affect the content of these annual accounts.

### **24.2. Information on payment deferrals made to suppliers. Third additional provision "Duty of information" of Law 15/2010, of 5 July.**

In relation to the Resolution of the Spanish Accounting and Audit Institute (ICAC) of 29 January 2016, issued in compliance with the Second Final Provision of Law 31/2014 of 3 December, which amends the Third Additional Provision of Law 15/2010 of 5 July, which establishes measures to combat late payment in commercial transactions, a table is set out below with information on the average supplier payment period for those commercial transactions carried out in Spain and accrued since the date of entry into force of the aforementioned law, i.e. 24 December 2014.

In addition, the Company has signed contracts similar to "confirming" lines with financial institutions to facilitate advance payment to its suppliers, under which the supplier can realise its collection rights against the Company, obtaining the invoiced amount after deducting the financial costs of discounting and commissions applied by the aforementioned institutions. The total amount of the lines contracted amounts to Euros 1.000 thousand at 31 December 2021 (1.000 Euros thousand at 31 December 2020), with no balance drawn down at 31 December 2021 and 2020.) The aforementioned contracts do not modify their main payment conditions (interest rate, term or amount) and therefore remain classified as trade liabilities.



In compliance with the aforementioned Resolution, a table with information on the average payment period to suppliers is set out below.

<b>Average payment period to suppliers (thousands of euros)</b>			
	<b>2021</b>		<b>2020</b>
	<b>Days</b>		<b>Days</b>
Average supplier payment period	60		61
Ratio of paid transactions	60		60
Ratio of transactions outstanding	63		67
	<b>Amount</b>		<b>Amount</b>
Total payments made	429,382		324,697
Total outstanding payments	57,566		64,382

**MANAGEMENT REPORT 2021**  
**ON FINANCIAL STATEMENTS**

**INDEX**

- 1. Business model and strategy**
- 2. Market situation**
- 3. Contracting**
- 4. Foreseeable developments**
- 5. Customer Management**
- 6. Efficient and sustainable management**
- 7. Innovation and technology**
- 8. People and culture**
- 9. Communication, Marketing and CSR**
- 10. Regulatory compliance**
- 11. Digitalisation and Cybersecurity**
- 12. Other information**

## **1. BUSINESS MODEL AND STRATEGY**

Aqualia provides technical solutions and quality services in all phases of the integral water cycle with the aim of improving the well-being of the people and communities in which it operates, preserving water resources and the environment, and improving management efficiency, having as one of its main references the Sustainable Development Goals of the United Nations Organisation, and all in accordance with the existing legal frameworks in each geography.

The rapid urbanisation process in emerging countries, as well as the need to improve the living conditions of the population and to optimise a scarce resource in a process of climate change such as the one we are currently experiencing, have led governments, communities and industrial corporations to seek specialised operators to help them provide effective solutions to the problems of water supply, sanitation and wastewater treatment.

Aqualia is one of the main international operators that focuses its management on specific business models and geographical areas and acts guided by a growth objective that maintains profitability criteria and integrates all the capacities of the value chain in the water cycle, from the design of facilities to the management of large investment projects in water systems.

The most important activity is the management of integrated water services in municipalities, through long-term concession models or asset ownership, in countries with proven regulatory systems.

Aqualia operates municipal water concessions in Spain, Portugal, Italy, France and Colombia, as well as owned assets in the Czech Republic. One of the main objectives is to consolidate growth in these markets and extend its activity to other European and Latin American countries with consolidated regulatory models.

Aqualia also develops alternative and/or complementary business models, such as Infrastructure Concessions.

In these cases, Aqualia designs, builds, finances and operates long-term infrastructures, often treatment plants (drinking water treatment, purification, desalination) through BOT-type contracts and "take or pay" mechanisms in which the recovery of the investment associated with the infrastructure to be operated is guaranteed without assuming demand risk.

These formulas, which combine technical know-how with the ability to structure complex financing, are increasingly in demand by Operators or Public Agencies and Industrial Corporations in emerging countries.

Aqualia concentrates its activity in this business model in Spain, LATAM (Mexico, Peru, Chile) and MENA (Saudi Arabia, Algeria, Egypt and UAE).

These two business models, with significant investments, high added value and long duration, are another of Aqualia's lines of development, on which it is basing part of its growth.

Other business models, such as O&M or EPC contracts, are considered on a project-specific and strategic basis.

Generally speaking, in these activities, Aqualia competes in projects where either the fundamental competitive factor is the technical capacity or the quality of the services and not exclusively the price, or where the projects are of a significant size, or have a strategic interest or potential synergies due to the territory, the technology or the client where the contract is being developed.

In EPC contracts, Aqualia takes advantage of the opportunity offered by its experience with leading construction companies to create alliances in the construction of large infrastructures, which allows for a reduction and/or transfer of construction risk.

Aqualia consolidates and develops its activity in certain territories, avoiding excessive dispersion and taking advantage of commercial and scale synergies.

In Europe, especially in the municipal concessions business, maintaining the high renewal rates of its contracts and taking advantage of opportunities that may arise in both organic growth and value-adding acquisitions.

In LATAM through the consolidation of long-term contracts for municipal concessions, infrastructure concessions or emblematic Design & Build projects.

In MENA, developing a consolidated position in infrastructure concession or high value-added O&M contracts.

## **2. MARKET SITUATION**

### **2.1. Domestic market**

During 2021, the effects of the COVID 19 pandemic that began in Spain in March 2020 have continued, in a more attenuated form than in the first months of 2020. Until May 2021, the Declaration of a State of Alarm has been maintained throughout the national territory. Subsequently, the different Autonomous Communities have gradually relaxed their restrictive policies. In spite of this, during the summer, there was a significant fifth wave of contagion that has been reproduced throughout the month of December with a sixth wave.

Throughout the year, Aqualia has been adapting the contingency plans in force to the health situation at any given time. At present, the Plan in force has been adapted to the legal provisions dictated by the health and labour authorities in each territory. By maintaining the appropriate labour measures (social distancing, provision of PPE), we are currently providing our services in a practically normal manner. Aqualia, as a provider of an essential qualified service, has not seen its standards of efficiency and quality reduced, while at the same time maintaining the levels of health and safety at work.

There have been no outbreaks of contagion in any production centre in Spain, and activity has been maintained at all times in the drinking water treatment plants (DWTP), wastewater treatment plants (WWTP), operation of supply and sanitation networks, laboratory management, etc., which has led to the receipt of a letter of congratulations from the Vice-President for Ecological Transition.

During the year, technological solutions have been promoted that have efficiently enabled teleworking, stock controls of essential products have been reinforced, special measures have been established for action in sports centres, non-face-to-face customer service channels have been strengthened (having carried out specific communication campaigns with customers and town councils), as well as implementing all the necessary hygiene and health measures.

With regard to tariff billing, in the first quarter of 2021 it was noted, in comparative terms with the same quarter of the previous year, that the Covid effect<sup>19</sup> had hardly any influence in the first months of the previous year. In 2021, the impact was particularly felt in contracts in the Canary Islands, where there were falls in the volume invoiced in that quarter of up to 20.2%, mainly linked to the decline in tourism activity. Subsequently, consumption has been gradually recovering in all regions, with the exception of those areas where hotel consumption is more important (Canary Islands, Balearic Islands and some Mediterranean coastal areas), where pre-pandemic consumption levels have not yet been reached. On a like-for-like basis, water consumption by end users (downstream water) grew by 0.25% in Spain as a whole in 2021 and the amounts billed by 1.55% with respect to 2020. If we compare with respect to 2019, the last year prior to COVID 19, the average volume billed is still 0.8% lower, although in terms of tariff revenue the amounts are similar. This is despite the fact that, overall for the year, consumption levels have been lower than during the pandemic: 10.1% in the Canary Islands, 6.7% in the Balearic Islands and 2.0% in the province of Cadiz, which we estimate will recover in 2022.

With regard to the sale of bulk water, in 2021 the volumes supplied recovered by 4.9% compared to 2020, with 8.9% still remaining to reach the 2019 values. In any case, this type of supply has little weighting in Aqualia's overall business.

In October 2020, the Spanish government submitted to the EU its proposal to develop the **Plan for the Recovery, Transformation and Resilience** of the Spanish economy, with an initial budget of €72,000m. In December, the law implementing the plan was approved and the final proposal was sent in April 2021. Finally, in June the final amount of €69.500m was approved. Of these funds, MITECO has approved €2.000m for its WWTP construction, energy transition and flood prevention projects. Aqualia is developing proposals in the field of photovoltaic generation, water reuse and digitalisation. In the latter field, the Vice-President for Ecological Transition has publicly announced the approval of a PERTE for the Digitalisation of water uses in Spain, with a budget of €3.000m, in which the specific sector of urban water, in which we are a very relevant player, has an allocation of €1.920m. The first actions should be awarded in the first half of 2022.

In the **institutional and legislative field**, the meetings of the Urban Water Cycle Roundtable have been held throughout 2021, with the presence of the Ministry, Business Associations, Trade Unions and Users, as an embryo of the future Urban Water Observatory of Spain, included in the PERTE mentioned above. Also noteworthy is the suspension of the application of the Budgetary Stability Law during 2021 and 2022, which will allow local councils with cash surpluses to use the surpluses to make investments. Congress approved the Climate Change Law, which prioritises green electricity sources and the reduction of CO2 emissions. The Government has also approved the 3rd revision of the Hydrological Basin Plans for the period 2022-2027, with a planned investment of €21,000m. Finally, the Water Laws of Extremadura, Aragon, Castilla la Mancha and Galicia are under review, with a strong commitment to the regulation of the urban water cycle.

During the Alarm period, which has been extended until the end of the year, **water cut-offs** for non-payment to vulnerable customers have been prohibited, and in practice this has not significantly affected Aqualia's collection capacity.

During the year, work was done to strengthen the **Spanish Association of Water Management Companies (AGA)** and the **AEAS** management association, which brings together public and private companies operating in the sector. The aim is, among other things, to make society aware of the high social commitment of the management companies, the existence of a very relevant technology transfer at world level, and the affordability of tariffs in Spain for family economies, still low in comparative terms in relation to those of the rest of the OECD countries.

It is an ongoing policy of the company to seek **efficiency in operational management**, highlighting the efforts made in 2021 to reduce costs, especially in the reduction of variable consumption (energy and water purchase), an action that has enabled us to improve efficiency ratios, measured as gross profit from the activity in relation to turnover.

Since the beginning of the year, the Spanish **electricity market** has seen a 145% increase in tariffs compared to the same period the previous year. The theoretical impact that this resource could have

had on the company in Spain has been partially mitigated by efficient energy purchase management, which has been carried out by combining fixed price contracts (18%), futures purchases (41%) and PPA contracts (17%), leaving only 23% of consumption exposed to the market, which must be transferred to tariffs according to the contractual mechanisms.

Also during the year, we continued to reduce costs linked to customer management, with policies of pursuing fraud in the measurement of consumption, strengthening electronic billing, increasing the direct debiting of bills, controlling bank fees, reducing face-to-face customer service and transferring to other channels (telephone, social networks, internet).

In the area of **digitalisation**, the Denia and Toledo technology centres have been put into operation, where the **Aqualia Live** integrated digital management tool for water services is being developed, which allows us to manage water networks, incidents, issue work orders, manage assets and meters in an integrated manner. We are in the implementation phase in another six regional centres. The progress achieved in this field will allow us to tackle the major water sector digitalisation project promoted by the Spanish Government under very favourable conditions.

Aqualia has promoted actions in Spain as a socially committed company, with the renewal of agreements with UNHCR and Caritas, and with the environment with numerous initiatives aimed at reducing greenhouse gas emissions, opting for green energy. As part of its social, economic and environmental responsibility policy, the 2021-2023 Sustainability Plan has been approved.

Aqualia, a founding partner of the **StepbyWater** Alliance, has also promoted the development of its founding objectives. Our CEO, Felix Parra, chaired the 1st European Conference of the Alliance, in the presence of the Vice-President of the Spanish Government and Minister for Ecological Transition and the European Commissioner.

In September, a State of Drought was declared in the Guadalquivir basin and it is likely to extend to the Guadiana and other Andalusian basins. It is not foreseeable that it will affect our water distribution capacity, as urban water is a preferential supply compared to agricultural, sports and industrial water.

## **2.2. International market**

In the international sphere, Aqualia has concentrated its activity during the 2021 financial year in Europe, North Africa and the Middle East (MENA) and Latin America (LATAM).

### **2.2.1. Europe**

In 2021, the Covid19 pandemic affected consumption in Europe, reducing the volume of supply to residential and non-residential customers in Portugal and the high water activity line in the Czech Republic. However, Aqualia was able to maintain the levels of quality and continuity of service with no significant operational effects. The company made progress in its consolidation of the business in France and its complete cultural and operational integration into Aqualia, to improve the service to

the more than 140,000 citizens who enjoy our water supply and sewerage network management. In addition to the various services provided by the acquired company in 2019, in 2020 and 2021, new water and wastewater network management, operation and renewal contracts were added, such as the water distribution contract for Mantes and other municipalities in the province of Yvelines (55,000 inhabitants), the wastewater treatment contract for Carrières-sous-Poissy and other nearby communities (27,000 inhabitants) and the first wastewater treatment contract with a large treatment facility (with a treatment capacity of more than 225,000m<sup>3</sup>/year) in Sausseron. On the other hand, the dynamics of the French market have been strongly influenced by takeover bids by two of the world's largest water and environment groups.

In the **Czech Republic**, the political and social debate on public action in guaranteeing water supply, initiated in previous years in the wake of frequent droughts and floods and politically promoted by the advocates of public water management, opposed to the generation of economic incentives in favour of operators, has continued during 2021. Within its competencies, the Ministry of Finance has approved, for the period 2022 to 2026, a revision of the tariff framework in line with other provisions on the subject promoted by different areas of the public sector. The review has focused on the adjusted calculation, using the replacement value, of investment needs, regulatory capital and the associated regulatory benefit. Both Aqualia, through its subsidiary SmVak, and the association of water operators, were actively involved in the debates, in which they were able to defend, through the established channels, the maintenance of the economic balance as a consequence of the regulatory modification. It is therefore estimated that the regulatory change will not have a significant impact on the economic sustainability of Aqualia's Czech business. On the other hand, Aqualia was awarded new contracts in the country, such as the sanitation contracts in Novojicinsko, Mosnov and Orlová (wastewater), and the integrated water cycle contract in Frenstat.

In **Italy**, with no major regulatory or commercial news, the market is expectant about the consequences of the corporate operation between two large global operators with significant exposure to the Italian market.

In **Portugal**, after the municipal elections in autumn 2021, it is expected that various infrastructure development projects or improvements in the management of the integral water cycle will be gradually implemented within the robust Portuguese concession framework.

The pace of work on the extension of the Glina wastewater treatment plant in **Romania** was affected by the limitations imposed by the authorities in the face of COVID-19, but progress has been made on the civil works and with the contracting of equipment to minimise the impact on the work schedule of the disruptions caused by the pandemic and the subsequent crisis.

In the **Balkans**, for reasons attributable to customers, the contracts for the Berane and Pljevlja projects, which were completed and in operation, were terminated. At the same time, the established dispute resolution and settlement mechanisms for both plants were initiated. The Prziren project reached the acceptance of works and is in the warranty and assisted operation period.

### 2.2.2. MENA



In **Algeria**, the start-up phase of the Mostaganem desalination plant installation was completed at full capacity following the execution of the works on the new seawater intake and provisional acceptance was obtained. The plant has increased its real capacity and is protected from the influence of adverse conditions at sea.

As for the operation of the desalination plants, despite the enormous impact of the epidemic, and thanks to the dedication and good planning of the plants' management team, the two desalination plants, Mostaganem and Cap Djinet, have managed to maintain continuous operation at full capacity and without significant incidents, thus providing a critical service to the population of the area.

In **Egypt**, Aqualia completed the year of guaranteed operation of the El Alamein desalination plant, with a capacity of 150,000 m<sup>3</sup>/day, and obtained an extension of this contract until 2022.

The completion of the Alamein desalination plant to the full satisfaction of the client is a first class reference for new projects in the desalination plan designed by the Egyptian government to reduce the country's water stress in the Mediterranean and Red Sea coastal areas.

As for the implementation of the Abu Rawash wastewater treatment plant project, despite the impact of the pandemic, work has continued apace on the plant, which is expected to be commissioned in 2022.

In **Saudi Arabia**, Aqualia completed in January the acquisition of 51% of the companies Qatarat and Haaisco from the prestigious Saudi group Ali Reza. Qatarat is the concessionaire of the seawater desalination plant at King Abdulaziz International Airport in Jeddah. Haaisco is the operator of this plant as well as other representative plants in the country, such as the desalination plant at Kaust University. All plants have been operating at full capacity to provide essential services to the population during the pandemic.

Likewise, work has continued on the execution of diversions and adjustments to the supply and sanitation services affected in the Riyadh Metro, where Aqualia is carrying out the activities of diversion of services and provisional and definitive connections on Lines 5 and 6.

During this year, a huge commercial effort has been made to participate in the ambitious desalination programme promoted by the Saudi Government with the submission of very competitive bids for various projects.

Similarly, work has been carried out on the development of other lines of commercial activity within the framework of the VISION 2030 programme for the improvement of infrastructures, such as projects for new wastewater treatment plants, contracts for the rehabilitation, operation and maintenance of existing treatment plants and contracts for the provision of services for integrated water management throughout the country.

In the **United Arab Emirates**, our subsidiary Aqualia MACE has continued to provide the operation and maintenance of the networks of collectors, pumping stations and wastewater treatment plants in the

geographical area of Al Ain and Abu Dhabi capital without incident and at full capacity throughout the months of the pandemic.

**Oman.** during 2021 Aqualia has continued to operate without incident despite the pandemic, managing the integral cycle of the Sohar port area through the subsidiary Oman Sustainable Services Company. As a significant milestone, this year Aqualia obtained AENOR certification for its asset management system, a certification that very few water management companies in the world have.

In **Qatar**, work has begun on the start-up phase of the Al Dhakhira wastewater treatment plant in the north of the country, built by Hyundai with a capacity of 55,000 m<sup>3</sup>/d, which will be operated by Aqualia MACE once it comes into service in 2021.

In addition, a joint venture led by Aqualia and with the participation of reputable local partners has been set up to develop projects to improve the sewerage, wastewater treatment and reuse network, which will provide services to the Ministry of Public Works and Sanitation of Qatar.

### **2.2.3. USA.**

During 2021 Aqualia has reinforced its commercial activity in the **United States**, maintaining its active search for new projects and business opportunities.

Water scarcity, the obsolescence of water infrastructures and the low penetration of private operators in the sector are the main growth opportunities for the company in certain states.

However, the Covid-19 crisis, the general elections and the turbulent political transition have led to a general slowdown in the economy and, in particular, in water and sanitation projects.

New legislation on the control and elimination of emerging pollutants for the protection of aquifers and surface water is a business opportunity to be explored in the coming years.

### **2.2.4. LATAM**

The deficit of water infrastructures and the search for efficiency in the existing ones are two factors that boost Aqualia's growth possibilities.

In 2021 Aqualia consolidated its presence in **Mexico**, becoming a benchmark company in the sector with a highly diversified portfolio of assets.

The experience acquired in the BOT (Build, Operate, Transfer) contracts for Aqueduct II in Querétaro and Realito in San Luis de Potosí is helping us to propose similar projects to institutional clients, where the technical and financial capacities employed give Aqualia a relevant position in the country.

The Guaymas desalination plant, awarded in 2018 by the Sonora CEA, and whose execution has been slightly delayed by the pandemic, is practically completed and will be put into operation during 2022.

In **Colombia**, the construction of the El Salitre WWTP (Wastewater Treatment Plant) in Bogota has continued, with a minimal impact of the pandemic on the execution as a result of the strict protocols implemented. This set of measures has placed Aqualia at the forefront in terms of health safety in hydraulic infrastructure works, achieving recognition from public bodies and multilateral banks.

Aqualia has fully integrated into its management the services acquired in the 2020 Department of Córdoba: Aguas de Sinú, Uniaguas and OPSA, as well as the municipality of Villa del Rosario, despite the added difficulties caused by the COVID-19 pandemic.

In **Peru**, the State is immersed in a process of evaluating the efficiency of its public utilities in order to give way to private initiatives in those with the worst management indicators. During 2017, five private initiatives for wastewater treatment were presented and declared relevant in 2018 and are currently in the formulation phase. In 2021, a private initiative for desalination in the municipality of Ilo was also presented and declared relevant, which has begun to be developed. Aqualia is currently studying different projects both as a service provider for public utilities and for the financing, design, construction and operation of large hydraulic infrastructures.

### **3. CONTRACTING**

#### **3.1. Domestic market**

In 2021, as in 2020, and partly due to the pandemic, there has been very little activity in public procurement for new municipal concessions, and the procurement of infrastructure operation and maintenance services has been more active.

From the point of view of public tendering we highlight:

- Madrid; Urgent renovation and repair works in the drinking water supply network and in the regenerated water network of Canal de Isabel II (Tajo Lot) for a period of 4 years and an amount of 26,4 million euros, and contract for the renovation of pipes in the supply network of Canal de Isabel II (Lot 7) for an amount of 34.4 million euros and a period of 4 years.
- Castilla - La Mancha; Operation and maintenance services for the waste water treatment plants included in Zone 1 (Toledo) for a period of 4 years and an amount of 18.3 million euros.
- Dos Hermanas (Seville); Project for the construction of the Copero environmental complex for a period of 1.4 years and an amount of 17 million euros.
- Almadén and Chillón (Ciudad Real); Concession of the water treatment service for the municipalities for a period of 20 years and a contract value of 7.5 million euros.

- Seville; 2.4-year, 2.9 million euro project to clean the sewerage networks in EMASESA's territorial areas.
- Albaladejo, Puebla del Príncipe and Terrinches (Ciudad Real): Public sewage treatment service for a period of 15 years and an amount of 2.4 million euros.
- Vilches (Jaén); refurbishment and extension of the waste water treatment plant at Aceites Coosur's Vilches factory, including operation and maintenance services for a period of 5 years and a value of 2.1 million euros.
- Guadahortuna (Granada); Project and works for the grouping of discharges and waste water treatment plant for a period of 2 years and an amount of 1.9 million euros.
- Cazalegas (Toledo); Concession of the public water treatment service of Cazalegas for a period of 20 years and an amount of 1.5 million euros.
- Darro (Granada); Concession of the public service of drinking water supply and sewerage of Darro for a period of 10 years and an amount of 1.3 million euros.
- Piedrabuena (Ciudad Real); Concession of the drinking water supply service in Piedrabuena and El Alcornocal for a period of 5 years and an amount of 1.3 million euros.
- Malaga; Inspection, preventive maintenance and cleaning service of the sewerage network of the city of Malaga for a period of 1 year and an amount of 0.9 million euros.
- Morelábor (Granada); Concession of the public service of drinking water supply and sewerage for a period of 10 years and an amount of 0.6 million euros.

With regard to the renewals, extensions and extensions of contracts already managed by Aqualia at national level, it is worth highlighting the renewal of 354 contracts with a portfolio amounting to 873 million euros, among which the following should be noted:

- Salamanca; Extension of the management of the water supply, sanitation and purification service for the city of Salamanca for a period of 5 years and a contract value of 95.4 million euros.
- Güímar (Sta. Cruz de Tenerife); Concession of the public service of drinking water supply and sewerage of the municipality for a period of 25 years and a contract value of 85.3 million euros.
- El Puerto de Sta. María (Cádiz); Service for the operation, maintenance and conservation of the wastewater treatment plant, sewage networks and pumping stations of the city, for a period of 10 years and a contract value of 51.1 million euros.

- Talavera de la Reina (Ciudad Real); Extension of the city's water and sewerage service for a period of 5 years and a contract value of 40.9 million euros.
- Louro Consortium (Pontevedra); Operation, conservation, maintenance and other related services of the facilities attached to the Consortium for the management of the urban water cycle, for a period of 3 years and a contract value of 9.4 million euros.
- Eivissa (Balearic Islands); Extension of the management of the water supply and sewerage service of the town for a period of 1 year and a contract value of 9.0 million euros.
- Vigo (Pontevedra); Extension of the management of the technical-teaching services for the City Council's indoor swimming pools and gymnasiums for a period of 1 year and a contract value of 2.8 million euros.
- Bilbao (Vizcaya); Maintenance and breakdown management service for the secondary supply networks of the municipalities in Zone A of the Bilbao Bizkaia Water Consortium for a period of 2 years and a contract value of 2.6 million euros.
- Sollano (Zalla, Vizcaya); Operation, control and maintenance service for the Sollano drinking water treatment plant for a period of 2 years and a contract value of 2.3 million euros.
- Mutxamel (Alicante); Extension of the operation and maintenance service of the Mutxamel desalination plant and its water distribution network for a period of 1 year and a contract value of 1.3 million euros.

### **3.2. International market**

In the international market, Aqualia has maintained an important activity in tenders in different areas, highlighting the contracting of:

- Los Cabos (Mexico); Integral improvement of the management of the Los Cabos area, including investment, operation, conservation and maintenance, through the Public-Private Partnership scheme. It involves a contract of 48.3 million euros for a period of 10 years.
- Mantes-la Jolie (Yvelines, France); Public drinking water service concession for a period of 6 years and a contract value of 29 million euros.
- Qatar; Contract for asset renewal and network upgrades for an amount of 11.2 million euros and a period of 1.4 years.
- Jizan (Saudi Arabia); Contract for the operation and maintenance of a seawater desalination plant for a period of 3 years and a contract value of 9.3 million euro.

- Puisseux en France (France); Public service concession for drinking water distribution of the Syndicat Mixte d'Alimentation en Eau Potable SMAEP DAMONA for a period of 8 years and a contract value of 6.9 million euros.
- Koprivnice (Czech Republic); Contract for the operation and maintenance of the sanitation system of the municipalities of Koprivnice, Novy Jicín, Morkov and Zivotice for a period of 10 years and a contract value of EUR 5 million.
- Frydek-Mistek (Moravia-Silesia, Czech Republic); Management of the city's water supply and sewerage system for a 10-year period and a contract value of 4.7 million euros.
- Saudi Arabia; Design and construction of the drainage system and storm tanks for the formula 1 circuit in Jeddah for an amount of 4.6 million euro.
- Nesles la Vallée (Ile de France); Public supply service concession for a period of 7 years and a contract value of 2.3 million euros.
- Frenestat Pod Radhostem (Czech Republic); Concession of water and sewerage services for a period of 10 years and a contract value of 1.7 million euros.
- Carrières-sous-Poissy, Aulnay-sur-Mauldre, La Falaise, Nézel, Juziers et Vaux-sur-Seine (France); Public service supply network leasing and works execution for a period of 5 years and a contract value of EUR 1.6 million.
- Yvelines (France); Water supply contract in Yvelines (France) for a period of 9 years and a contract value of 1.3 million euros.
- Orlová and Mosnov (Czech Republic); Operation and maintenance contract for the sewerage networks for a period of 5 and 10 years respectively and a contract value of 1 million euro.

#### 4. FORESEEABLE DEVELOPMENTS

**In Spain**, expectations for 2022 are for a growing recovery in the levels of activity that have been affected by the Covid-19 pandemic, fundamentally in the geographical areas where demand is most closely linked to tourism activity. In this regard, we expect a significant recovery in the Canary and Balearic Islands in the coming quarters, until recovering the volumes invoiced in 2019. This situation will be reinforced by the new contracts incorporated into the perimeter during 2021, as well as by the maintenance of the high rates of renewal of contracts that Aqualia historically records when they expire. This increase in revenues will lead to an improvement in results, reinforced by the continuation of cost optimisation actions. We expect electricity tariffs to normalise by the end of the financial year 2022, and we will develop policies to increase the number of electricity contracts negotiated in fixed price, PPA and futures contracts.

In the activity of concessions of services of the Integral Water Cycle, it is worth highlighting the expectation of maintaining renewal rates similar to those of 2021, above 90%. Several completed contracts are expected to be put out to tender and are currently operated by competitors (Santiago de Compostela, Orense, San Fernando). We also expect the tendering of several EPC projects linked to Waste Water Treatment services in Madrid and Palma de Mallorca, in particular.

Within Europe, in Portugal, the outlook remains for a certain reactivation of the concession business based on the high budget deficit of local councils and the need for investment in infrastructures. Likewise, a greater proliferation of operation and maintenance contracts promoted by public companies belonging to Aguas de Portugal and inter-municipal companies is expected.

In France, new public service delegation tenders are expected to be launched due to the expiry of the contractual term of many of the country's existing contracts.

In Saudi Arabia, the process of modernisation and provision of water infrastructures in the country promoted by the Government in the Vision 2030 programme will continue through public-private partnerships. The Infrastructure Concession contracts tendered in 2020 will be definitively awarded and it is expected that new BOT projects in the field of desalination and purification will be tendered. In addition, tenders will be launched for operation and maintenance contracts for water and sanitation services in the six regions into which the Saudi Kingdom has been divided.

During 2022 Aqualia will start operating the new Abu Dhabi sewerage contract and the Al Dhakira WWTP in Qatar.

In LATAM, the construction phase of the Guaymas IDAM (Sonora, Mexico) will be completed, giving way to the 20-year operation period, as well as the Salitre WWTP (Colombia). In both countries, new concessions will be tendered for hydraulic infrastructure concessions for desalination in the states of Baja California and Sonora and for treatment as part of the programme to decontaminate the Bogotá river.

Finally, in Peru, the preparation of the private initiatives declared relevant to Aqualia will continue (5 treatment plants and 1 desalination plant) and in the USA, the projects currently under study will be presented to their corresponding clients under the formula of "unsolicited proposals", for their evaluation.

## **5. CUSTOMER MANAGEMENT**

For Aqualia, it is essential to extend the company's commitment to society, seeking excellence in customer service. The Company seeks to differentiate itself in the market by developing services adapted to the needs of its users. During 2021, it has continued to make progress in a strategic orientation towards the end customer, with special attention to the quality of the channels of interaction with its users, boosting technological investment, especially in this year globally affected by the pandemic.

## 5.1. Customer Service Channels

The main management indicators for the year 2021 in our Customer Service channels (*aqualiacontact*) are as follows:

- **Telephone customer service.** The Customer Service Centre received **1,203,947** calls in 2021.
- The specialised attention of our managers, as well as the proactivity and speed in providing telephone attention under the Presence solution (Evolutio), allows customers to be attended continuously and without interruptions through various customer service and fault communication channels, such as; Telephone Customer Service Centre, Virtual Office, APP, Twitter and email.
- The Customer Service Centre by telephone offers customers the "Appointment Management" service, to avoid waiting and crowds in the face-to-face offices, improving not only the telephone service but also offering a faster, more efficient and pleasant face-to-face service with full health guarantees.
- **Virtual office**, aqualiacontact. In 2021, **177,940** interactions were managed, 8.16% more than in 2020. Among them, 31.93% were data modification, 22.67% electronic invoicing and 23.98% payment by bank card.
- **Application for mobile devices.** Through the APP made available to our customers, **117,439** interactions were managed in 2021, **45.42%** more than in 2020, with 76.69% of them involving payment by credit card and 13.53% involving the modification of data.
- **Twitter @aqualiacontact.** Through the @aqualiacontact account, messages sent by users are dealt with and managed (1,107 in 2021). Also SMS messages for notifications of invoices with incidents and notices of breakdowns in networks (915,097 SMS in 2021).
- **Electronic invoicing.** In 2021, customers **87.356** have requested the activation of electronic invoicing, increasing this ratio by **87%** compared to the previous year.

The efficiency of all customer relations channels has led to a **very low complaints rate of 0.43%** in 2021, with a **maximum average response time to complaints set at 15 calendar days**. Also noteworthy is the maximum average time for meter installation (from the time the meter is requested), set at **5 calendar days**.

In order to respond to the high expectations of our customers regarding the service offered, Aqualia will continue to make progress in offering all its customers a quality omnichannel experience in their interactions with the Company.



The objectives set in this area are as follows:

1. **Integration of all channels.** Channels working in unison, interrelated in real time. The new **Microsoft Dynamics CRM** implementation project will go into production at the beginning of 2022 and will allow all channels to be interrelated in real time with greater accessibility, availability and integrity of interaction information. The aim of the project is to have a new customer service module that must be integrated with other systems, such as the Diversa commercial system, which provides sufficient flexibility, guarantees availability and access to information in an agile and flexible way through guided processes.
  
2. **More pleasurable and higher quality customer experience**
  - Any operation from any channel
  - Single processes for all channels
  
3. **More responsive and capable care**
  - Cross-platform clients
  - Leveraging resources, developing communication skills by channel.
  
4. **Search for resources and technologies allowing a greater attention with a more agile and efficient management for our clients, such as:**
  - Professional Whatsapp
  - Click to call from the web
  - Bizum® payments
  - Electronic invoice management via e-mail
  - Web-based customer management platform for communications via SMS, email, invoice payment link, etc.
  - Electronic signature of documents

## 5.2. Invoicing and collection management

The Customer Management Department has maintained the same strategic vision in the evolution of management tools, as well as in the development of new utilities in the Business Intelligence tool. New improvements have been made to fraud information, including the type of fraud and the final status of the file. In the case of large consumers, the average age of meters has been incorporated, and with regard to production pending tariff billing, the information has been improved by adding the view by service provided, type of customer, concept and billing cycle. The information scorecard on the management of deposits has also been developed, with values of their situation and evolution. On the other hand, the necessary requirements for the implementation of the billing and debt management tool for non-tariff items in France's services have been completed.

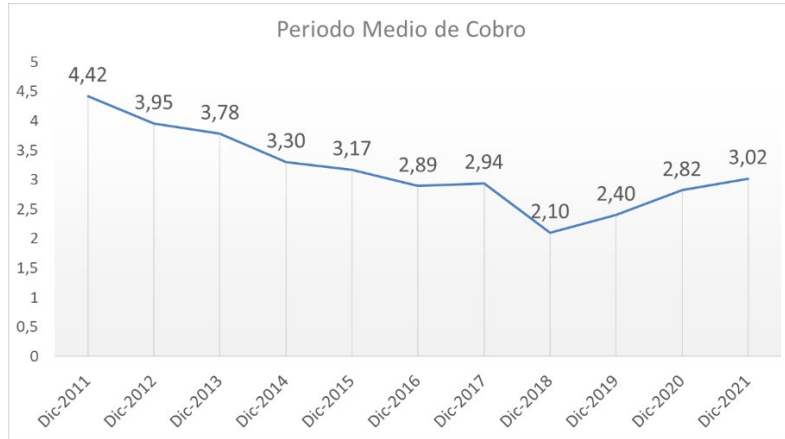
At December 2021, billing has varied with respect to the previous year with a slight increase in consumption of m3 by 0.04%, mainly due to the increase in non-domestic consumption (4.60%) and high water consumption (3.95%), with a decrease in domestic consumption (-2.07%). This trend means that at the end of December 2021 there will be an increase in the amount of billing of 2.43% compared to 2020, and an increase of 0.52% compared to the value of 2019, prior to the pandemic, which confirms the recovery of billing at the end of 2021 (data without Colombia).

### 5.2.1 Average collection and default period

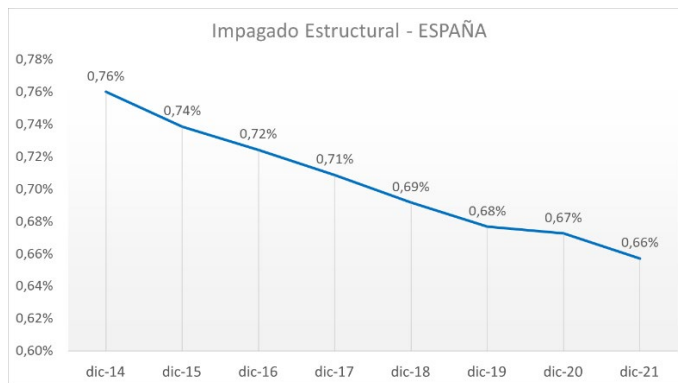
The continuous improvement of management processes has led to an average tariff collection period in Spain of 1.93 months and a total of 2.19 months, which means that the trend of previous years has been maintained by strengthening the correct management of collections despite the impact of the pandemic.



At global level, Aqualia has recorded a slight upturn in the average collection period due to the increase in activity in the International area over the last two years, with the incorporation in 2020 of the Departamento Córdoba and Villa del Rosario concessions acquired in Colombia, the acquisition of the French companies of the SPIE Group in 2019, the acquisition in January 2020 of the companies Qatarat and Haaisco (Saudi Arabia) and the takeover and consolidation commenced in June 2021 of the El Realito Aqueduct (Mexico), and on the other hand the progress of work on the Glina WWTP (Romania) and the Salitre WWTP (Colombia).



In the tariff processes, structural non-payment has been improving annually, the most important case being that of Spain, with the following evolution:



Aqualia has maintained the campaign to promote the use of electronic billing and progressively replace the largest possible number of bills issued on paper. This action has led to an increase of 17.2% in the number of electronic invoices issued by December 2021 compared to the previous year, reaching an overall ratio of 17.9% in Spain and an overall accumulated total of 15.9%, thus contributing to the fight to preserve the environment, reaching 627,499 customers who choose to receive this type of invoice.

Minimising the difference between the volume of water supplied to the network and the volume actually consumed is a basic objective for any company such as Aqualia. To achieve this, in addition to using sophisticated intelligent systems to monitor the networks and renewing those networks that are reaching obsolescence to avoid leaks as much as possible, plans are designed to detect fraudulent actions or uses of drinking water. During the period from January to December 2021, more than 20,304 cases of fraud have been detected for an amount of consumption equivalent to 4.6 million

euros. As a complement to these actions, more than 360,913 meters have been renewed in different contracts.

### 5.2.2. Meter Reading Mobility Project

During 2019,2020 an ambitious project was developed in the area of meter reading. The aim of the project is to update the mobility solution implemented for taking meter readings (TPL), providing it with online and offline functionalities with the current DIVERSA commercial system implemented in Aqualia. The solution runs on smartphones, with the aim of providing functionalities related to taking and managing meter readings.

With this project, Aqualia aims to achieve an improvement in the current processes for taking and managing readings, and to achieve efficiencies in the shortest possible time and with the least possible economic impact. The pilot launch scheduled for January 2020 was successfully carried out, with the corresponding roll-out to the rest of the farms being carried out gradually.

Deployment in production Meter Reading Module Project:

- The pilot trial was carried out in Alcalá de Henares with satisfactory results.
- Subsequently, it was implemented in Ávila, Salamanca, Lleida, Llíria, Sant Josep, Écija, Jaén, Sanlúcar and Mérida with satisfactory results, which allowed mass implementation.
- Until December 2020 it was implemented in:
  - 439 services implemented (Spain) and 6 (Italy and Portugal)
  - 5,296,171: readings taken to date with the new APP
  - 20.241: routes of readings exported to APP
  - 2,589,927: contracts exported to be read in the PPP
- The full roll-out will be completed in Q1 2021.

### 5.2.3. CRM Microsoft Dynamics

The new customer service module is based on the *Microsoft Dynamics CRM 365* tool. This solution provides a unified view of the customer, technological innovation, as well as improvements in business processes.

- The solution includes a new customer website that will replace the current virtual office and will be deployed for Call Centre users and the new virtual office, covering all operations, with the corresponding adaptations of the CRM currently in progress.
- Tests by the technical team and the business team have been carried out in 2021 with satisfactory results, planning to start production in the first quarter of 2022.

#### **5.2.4. Electronic signature of documents project**

The face-to-face contracting process at our offices involves the client signing various documents, which are scanned and stored in a virtual Sharepoint repository.

In order to optimise this manual process, the advanced electronic signature project has been developed.

The electronic signature project includes two types:

- Biometric signature. The customer signs the document on an electronic device that collects his signature and biometric data.
- OTP (One-Time Password) signature. It is a signature system with a personal password and a one-time code, which is sent to the customer by SMS to sign documents digitally.

Associated with this process is the "signature operation record", which is the document containing all the electronic evidence of the signing process. This record is signed electronically with a certificate, thus guaranteeing the integrity of the record.

The signed documents, the signature and the minutes are automatically stored in the sharepoint virtual repository.

Testing by the technical and business teams is currently underway, with production scheduled for the first quarter of 2022.

#### **Data protection**

In Spain, with the entry into application on 25 May 2018 of EU Regulation 2016/679, GDPR, as well as the entry into force on 5 December 2018 of Organic Law 3/2018, on the Protection of Personal Data and Guarantee of Digital Rights (LOPDGDD), Aqualia began the process of regulatory adaptation in terms of data protection.

The novelties established by the Regulation implied making adjustments in the field of data protection in all the Entities, given that it applies to all the affected Areas in the following aspects:

- 1) Employee Scope
- 2) Customer Scope
- 3) Supplier Scope
- 4) Scope of Contractual Relations FCC Group
- 5) Area of Contractual Relations Public Administrations
- 6) Documentation and internal management.

- 7) Area Information Technology and Information Security
- 8) Technical and organisational measures.

During the adaptation project, the implementation of the *eprivacy* tool was managed. This tool is used to record the processing activities of all the entities. It has a document and evidence manager, as well as a risk assessment tool.

The tool provides a quarterly risk status report as well as continuous improvement assessments following the implementation of corrective and preventive actions.

- Initial situation May 2018:

RIESGOS:  
PROBABILIDAD

Muy alta - Máxima	0	0	0	0
Alta - Significativa	4	171	0	0
Media - Limitada	132	468	224	0
Baja - Despreciable	0	1	0	0
	Muy bajo - Despreciable	Medio - Limitado	Alto - Significativo	Muy alto - Máximo

IMPACTO

- Situation December 2021

PROBABILIDAD

Muy alta - Máxima	0	0	0	0
Alta - Significativa	0	0	0	0
Media - Limitada	10	92	18	0
Baja - Despreciable	127	631	203	0
	Bajo - Despreciable	Medio - Limitado	Alto - Significativo	Muy alto - Máximo

IMPACTO

For 2021, the extension of the upgrading works started in 2020 were planned, such as:

- Project International data transfers between FCC Group entities
- FCC Group Data Retention Periods Project.
- Adaptation of the Aqualia National Security Scheme.

- Revision and approval of the vehicle data protection clause, in particular regarding geolocation and telemetry (as well as retention periods).
- Revision of the data protection clause in relation to the use of deskless employees' personal contact details.

#### **5.4. Social action**

Although the capacity to set tariffs and regulate the provision of services in the integral water cycle in Spain is the exclusive competence of the Administration, Aqualia actively promotes social action mechanisms in tariffs and solidarity funds for the most disadvantaged users. In addition, the Company has worked to improve coordination with the social services of the local councils to protect customers at risk of social exclusion. For example, as part of its CSR policy, Aqualia has been renewing its collaboration agreement with Caritas Española since 2015, and with UNHCR since 2019 to support initiatives of this humanitarian organisation in Spain. It has also guaranteed access to water to anyone in a situation of vulnerability and has extended payment deadlines to all customers affected by the pandemic.

The information on tariffs and social vouchers has been published on aqualia's website, available to all users. Likewise, aqualia informs customers, in the notifications sent to them, of the possibility of setting up deferred payment plans. During this year, more than 6,906 payment plans have been made.

For Aqualia, it is essential to extend the company's commitment to society, seeking excellence in customer service. The Company seeks to differentiate itself in the market by developing services adapted to the needs of its users. During 2021, it has continued to make progress in a strategic orientation towards the end customer, with special attention to the quality of the channels of interaction with its users, boosting technological investment, especially in this year globally affected by the pandemic.

## **6. EFFICIENT AND SUSTAINABLE MANAGEMENT**

### **6.1. Management systems**

Aqualia continues to support, as one of its priority objectives, the fulfilment of the United Nations Sustainable Development Goals (SDGs), focusing on those that affect the water sector and its stakeholders:

- Nº. 3. Promote general welfare.
- Nº 6. Sustainable Water and Sanitation.
- Nº. 7. Clean energy.
- Nº. 8. Promote sustained economic growth.

- Nº. 9. Building resilient infrastructure.
- Nº. 11. Achieving sustainable cities.
- Nº. 12. Ensure sustainable production and consumption.
- Nº. 13. Take urgent action to combat climate change.
- Nº. 14. Conserve marine resources in a sustainable manner.
- Nº. 15. Combating desertification and protecting biodiversity.
- Nº. 17. Partnerships to achieve the objectives.

As proof of this, in 2021 Aqualia was the first company in the sector to certify the **Strategy for the Contribution to the Sustainable Development Goals**, by AENOR, in an integrated manner with the annual Sustainability Report, under GRI criteria.

Aqualia is also continuing with its strategy of creating shared value, responding to the expectations of its stakeholders and developing tools that enable it to understand and measure its social and environmental impacts, in order to support the creation of economic value and increase the company's competitiveness (calculation of social and environmental footprints). To this end, in 2021, work has been carried out on the following aspects:

6. **Integration of the new ISO 45001 Standard** in Aqualia's Management System, establishing already integrated Management System Committees and carrying out integrated audits, both internal and external (AENOR).
7. **Increased efficiency in the process of internal audits**, through the publication of integrated reports, and external audits, with four-qualified auditors, which allow audits of the Quality, Environmental, Energy, Carbon Footprint calculation and Health and Safety at Work Management Systems to be carried out.
8. Increasing the scope of the **Energy Management and Climate Change** strategy.
  - Follow-up of contracts with energy review.
  - Calculation of the Carbon Footprint at fixed perimeter 2020.
  - Calculation and verification of the Carbon Footprint of all Aqualia's activity in Spain and Portugal 2020.
  - Registration in the Carbon Footprint Register of the Spanish Office for Climate Change (OECC) of the Ministry of Ecological Transition and Demographic Challenge (MITERD) for all Aqualia's activity in Spain, requesting the "CALCULO+REDUZCO" Certificate for 2020.
  - Carbon Footprint Reduction Plan for Aqualia's activity 2020 - 2022.



- Verification of emissions avoided in the MITERD OECC CLIMA Project, approved in 2018, for the use of alternative fuels, specific to the company's activity, in automobiles.
- Monitoring of the project to implement the Energy Management System in all activities in Spain, in compliance with RD 56/2016.

9. Participation in **AENOR** meetings and conferences and in **ACS** working groups.

10. Participation in the **Circular Economy Commission** of the **Spanish Chamber of Commerce**, where legislative initiatives are analysed and meetings are held with political leaders.

As a complement to all of the above, the strategy with the Company's stakeholders has been maintained, consisting of incorporating the treatment of Aqualia's stakeholders and the Company's context analysis into the Management System, as a requirement of the new Standards and as support for other Aqualia departments in their daily work (Clients, Compliance, Communication, CSR, HR, etc.).

## 6.2. Energy Management

**The energy management** of production facilities has been a strategic line of action for the company since its inception, with the optimisation of energy consumption being an objective of continuous improvement.

This is reflected in the calculation of the company's Carbon Footprint at its farms in Spain, verified in accordance with the guidelines of the UNE-ISO 14064 Standard by AENOR, where the impact of energy management (Scope 2) can be seen in the 13% reduction in emissions compared to the previous year.

### Greenhouse gas emissions Spain (2020):

	t CO2	t CH4	t N2O	GHG 2020	%
				(t CO2e)	
Scope 1	9.984,80	2.233,50	24,30	78.971,30	45,49%
Scope 2	63.437,10	0,00	0,00	63.437,10	36,54%
Scope 3	14.571,00	0,00	62,80	31.201,40	17,97%
<b>TOTAL</b>	<b>87.992,90</b>	<b>2.233,50</b>	<b>87,10</b>	<b>173.609,80</b>	

### Greenhouse gas emissions Spain (2019):

	t CO2	t CH4	t N2O	GEI 2019 (t CO2e)	%
Scope 1	7.615,4	2.173,3	24,2	74.876,9	37,5%
Scope 2	94.583,3	0,0	0,0	94.583,3	47,4%
Scope 3	13.346,2	0,0	63,3	30.111,1	15,1%
<b>TOTAL</b>	<b>115.544,8</b>	<b>2.173,3</b>	<b>87,4</b>	<b>199.571,3</b>	

In this respect, two projects were launched as early as 2020, each of which focuses on GHG reduction.

On the one hand, the signing of a PPA (Power Purchase Agreement) for 76 GWh/year of renewable energies (photovoltaic), which began operating in July and will reduce emissions by around 15,200 t CO2e/year.

On the other hand, the project for the installation of 3.2 MWp of peak power, of photovoltaic panels, which will supply 26 consumption points, with an expected annual production of 5 GWh/year, which will result in a reduction of GHG emissions of around 1,000 t CO2e/year.

During 2021, the second phase of the installation of solar panels began, the objective of which is to reduce a further 820 t CO2e/year by installing 3.14 MWp of photovoltaic panels, which will supply 52 consumption points.

Special mention should be made of the installation of a 0.84 MWp photovoltaic park at the La Cartuja WWTP in Jerez de la Frontera.

## **Improvements to reduce energy consumption**

Since 2016, and every four years, the company has been subjecting a set of production facilities that consume more than 85% of the company's total consumption to energy audits (in accordance with the ISO 50001-Energy Management Systems standard). In order to monitor the opportunities for improvement detected in the audits, an IT tool has been implemented. This tool is integrated with Aqualia's technical reporting/analysis tool (AqualiaRT/AqualiaBI), allowing the actions and results obtained in the audits to be monitored.

Among the actions being carried out is the piloting of an energy optimisation system for offices and warehouses, to be developed initially in seven locations, with the aim of rationalising the use of energy in lighting and air conditioning in these administrative centres. It is expected to be implemented between the end of 2021 and the first quarter of 2022.

### **6.3. Technical Management Improvement Projects**

During the year 2021, as in previous years, we have continued with the implementation and development of activities related to the improvement of management, both at the operational level and the deployment of new platforms to standardise best practices at the technical level of the company. The most important of these have been:

#### **6.3.1 Energy Management**

- Start-up of the centralised monitoring and control platform for proposals and improvement objectives of the different contracts, relating to energy efficiency, under the ISO 50001-Energy Management Systems standard.
- Connection of the new electricity billing control platform, Synergica, with the technical reporting platform, Aqualia RT.

This allows the monitoring of ratios of the different energy-dependent variables, eliminating the possibility of human error.

- A new Energy Efficiency Working Group, whose main work will focus on the publication of "best practices" and the certification of high-efficiency devices, has become operational.

#### **6.3.2. Asset management**

The deployment of the new Asset and Maintenance Management software tool has begun, which will allow the standardisation of maintenance activities, depending on the size and purpose of the service provided, as well as a better centralised control of the inventory of assets managed, which will facilitate not only knowing the status and updated value of the inventory, but also developing and planning "Smart" proposals for renewal and/or expansion of the infrastructure operated by the company.

Once installed in different locations in Spain, it is starting to be deployed in France and Italy.

### **6.3.3. Approval of hydraulic devices**

During the current financial year, a system for the approval of materials and devices to be used in the supply networks is being implemented.

As the average lifetime of managed networks is increasing, with very low renewal rates, it is essential to promote the use of materials with the best guarantee of durability and performance.

Laboratories and collaborating entities are being analysed for the implementation of this activity, as well as the preparation of the homologation flows.

### **6.3.4. Technology Transfer**

During 2020, a new tool was launched, complementing the function of the Innovation Department, which is that of Technology Transfer.

During the year, projects such as ABAD (conversion of biogas from wastewater treatment into automotive biogas) and Remembrane (recovery of desalination membranes for reuse) have been validated for production.

### **6.3.5. Accredited Laboratories**

A new drinking water laboratory of the Aqualia Group in Vigo has been accredited by ENAC.

With this new incorporation, Aqualia now has a network of 10 accredited laboratories in Spain, Italy and the Czech Republic.

It is also worth highlighting the activity carried out by the company in the monitoring of COVID-19, expert personnel from the company, in collaboration with the CSIC (Spanish National Research Council), with which, through the signing of an agreement, wastewater from different municipalities in Levante, Andalusia and the Balearic Islands is being analysed.

The agreement also includes the training of company personnel and inter-comparison exercises for the fine-tuning of a PCR technique to complete the offer of the Oviedo laboratory.

## 7. INNOVATION AND TECHNOLOGY

Innovation at Aqualia is guided by the European Green Deal policies, to reduce the carbon footprint to zero, thanks to the transition to a circular economy with no environmental impact. The Department of Innovation and Technology (DIT) develops new smart management tools and new proposals for sustainable services, supporting the company in achieving the United Nations Sustainable Development Goals (SDGs). Priorities are affordable, high-quality water and sanitation services (SDG 6), an optimised energy balance (SDG 7) without affecting the climate (SDG 13) and contributing to sustainable production and consumption (SDG 12).

The attached table summarises the projects developed by the DIT during 2021 (and their completion dates), strengthening Aqualia's technological proposal in four lines of work: Quality, Eco-efficiency, Smart Management and Sustainability.

Three projects have been completed during the financial year 2021:

- 1 Interconecta project (Feder): **Advisor**
- 2 EU H2020 framework programme projects: **Savannah** and **Run4Life**

Fourteen other ongoing projects have continued to be developed:

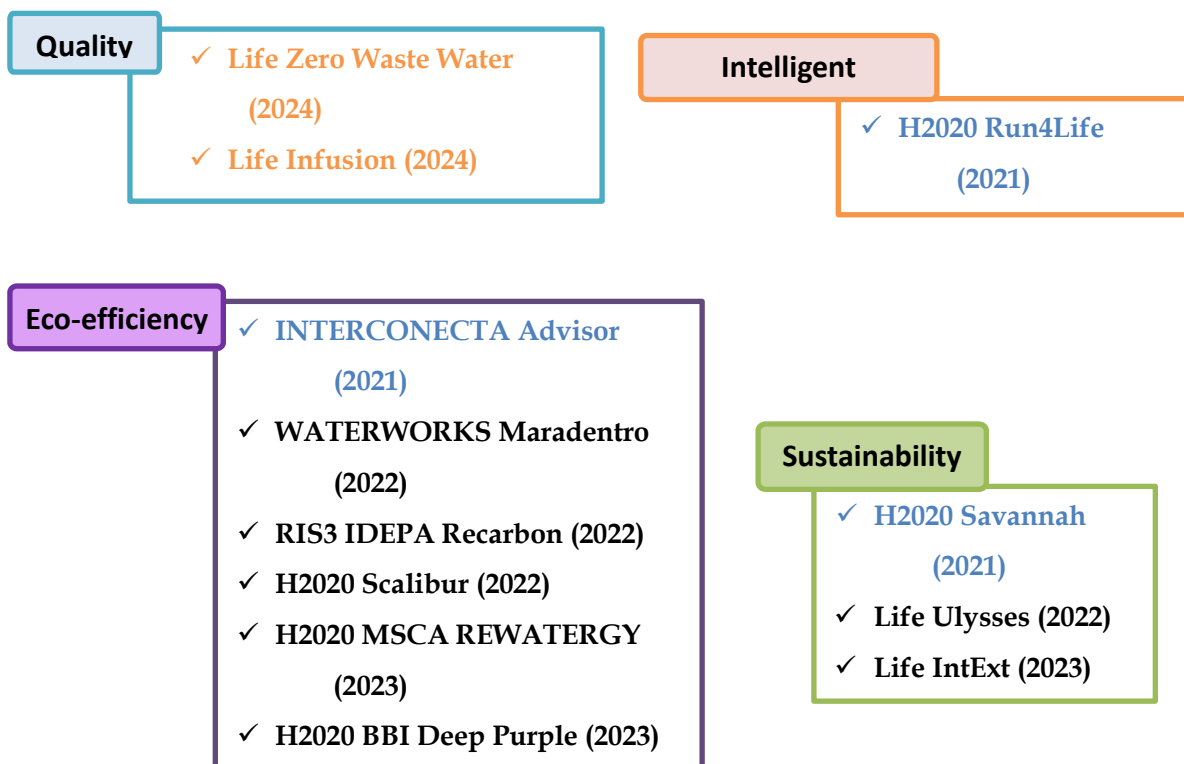
- 1 JPI WATERWORKS **MarAdentro** project (extended to June 2022)
- 1 Regional RIS3 Idepa project in Asturias: **ReCarbon**
- 5 from the European Life programme: **IntExt**, **Ulysses**, **Infusion**, **Phoenix** and **Zero Waste Water**.
- 2 of the EU Joint Initiative / Bio-Based Industries (BBI): **B-Ferst** and **Deep Purple**
- 4 from the EU's H2020 programme: **Scalibur**, **Rewaise**, **Sea4Value** and **Ultimate**.
- 1 Marie Skłodowska Curie (MSCA) training course: **Rewatergy**

In addition to technological development, the latter focuses on scientific training, participating as an industrial partner in the Rewatergy project of the H2020 Marie Skłodowska Curie programme of European academic networks, led by the Universidad Rey Juan Carlos. Two PhD researchers have joined in 2021 to carry out practical work at Aqualia:

- of the University of Cambridge, focusing on the production of hydrogen from ammonium in wastewater at the Lérida WWTP.
- of the University of Ulster, developing photo- and electro-disinfection processes to eliminate micro-pollutants in drinking and waste water at the Jerez WWTP.

Thanks to the 2020 calls, two new projects have been launched in 2021:

- 1 of the European Life Programme: **Reseau**
- 1 of the EU H2020 programme: **Nice**



## 7.1. Projects completed in 2021

For the three projects completed in 2021, the following results have been achieved:

- **Interconecta (Feder) Advisor:**

With the aim of achieving a circular economy in the agro-industrial activity of Guijuelo, and avoiding the cost and impact of waste management in the meat industry, new recovery solutions have been demonstrated at the WWTP operated by aqualia. By adapting co-digestion to slaughterhouse waste,

with the validation of a thermal pre-treatment and innovative control systems, the energy self-sufficiency of the treatment plant has been increased. The increased production of biogas, and its enrichment with the ABAD Bioenergy® process, has made it possible to supply biomethane to service vehicles.

The ELSAR process, a new anaerobic reactor with bio-electrochemical intensification, a patent shared with the University of Alcalá, has also been demonstrated. In addition, the transformation of fatty waste into bioplastics has been evaluated, and the fertiliser value of by-products has been demonstrated in collaboration with farmers in the region.

- **H2020 Savannah:**

Led by the University of Almeria, the consortium of eleven entities from five countries (including the Czech Republic and Hungary) includes three large companies: Aqualia, Westfalia (Germany) and the Italian food group Veronesi. The project has optimised the production of new biofertilisers and biostimulants from algae, and in the WWTPs managed by aqualia in Mérida (Badajoz) and Hellín (Albacete), two biorefineries based on algae cultivation have been implemented on a total of five hectares.

- **H2020 Run4Life:**

Led by Aqualia, a consortium of fifteen entities in seven countries has implemented new nutrient recovery concepts, based on the separation of greywater and blackwater, in four demonstration sites (Sneek/Netherlands, Ghent/Belgium, Helsingborg/Sweden and Vigo/Spain). In the Vigo Free Trade Zone, Aqualia operates a membrane reactor (MBR) in an office building for greywater, which is reused in the toilets. The sewage is transformed into bioenergy in an anaerobic MBR. For effluent, various nutrient recovery options have been tested, followed by advanced oxidation to remove viruses and emerging pollutants to promote reuse. A larger scale prototype installation has been prepared in Balaídos with effluents from the Citroën industrial estate.

In the other two demonstration sites, in hundreds of new flats in Ghent and Helsingborg, grey and black water are separated, and organic kitchen waste is included in the anaerobic reactors. After the housing units have been commissioned in 2020, and the energy and nutrient recovery facilities have been commissioned, the service has been optimised through dialogue with the users, reducing water and energy consumption through decentralised management.

In Sneek, new vacuum toilets have been installed in some thirty houses, with minimal water consumption, facilitating direct thermophilic digestion of sewage in a novel bioreactor that allows direct production of a fertiliser. An important task was the evaluation of the effect of new fertilisers, verifying through greenhouse cultivation trials the quality and safety of the effluents and by-products of the different nutrient recovery processes.

## **7.2. Projects due to end in 2022**

Three other projects, one from IDEPA's RIS3 programme in Asturias, one from the JPI WATER co-funded by CDTI, and one within the H2020 programme, are in their final phase of development in 2021, with completion expected during 2022:

- **RIS3 ReCarbon**

Financed by the Asturian agency IDEPA with FEDER Funds, and led by the engineering company INGEMAS in Gijón with two local SMEs (Biesca and InCo), Aqualia supports the INCAR (Institute of Carbon Science and Technology) of the CSIC and the CTIC (Information and Communication Technology Centre) in the research of pollutant adsorption methods with regenerated activated carbon and bio-char. This sustainable and affordable adsorbent is being evaluated for the cleaning of biogas at the Chiclana, Lleida and Jerez WWTPs, as well as in the deodorisation of the Luarca and San Claudio WWTPs in Oviedo.

The bio-char is also being tested in new micropollutant adsorption units, for which Aqualia's accredited laboratory in Oviedo is developing advanced analysis methods, and new sensors are being validated to enable real-time monitoring at the El Grado WWTP and the Cabornio DWTP in Oviedo.

- **JPI MarAdentro**

The project "Managed Aquifer Recharge: ADrEssiNg The Risks Of regenerated water" is led by the Instituto de Diagnóstico Ambiental y Estudios del Agua (IDAEA-CSIC) in the European Horizon 2020 ERA-NETs Cofund WaterWorks 2018 programme, involving partners in France, Italy and Sweden, and examines soil as a tertiary treatment unit.

A 400 m<sup>2</sup> infiltration system is built at the Medina del Campo WWTP for the advanced treatment of treated water and its reuse in Aquifer Recharge, compared to conventional tertiary treatments. The scientific institutes are developing system design and simulation tools to optimise the operation and costs of the elimination of emerging pollutants.

- **H2020 Scalibur**

The project led by the Itene technology centre integrates twenty-one partners from ten countries, and focuses on waste reduction and recovery on a European scale. With the participation of FCC Medio Ambiente, the project focuses on improvements to waste processing plants in Madrid, Lund (Sweden) and Rome (Italy) to recover resources and promote the circular economy.

Within this framework, Aqualia has implemented new sludge treatments at the Estiviel WWTP (Toledo), testing improvements in thickening and dual two-stage digestion, and simplifying sludge stabilisation without heated concrete structures. The project has facilitated first innovation activities at SmVaK in the Czech Republic to convert organic matter into by-products and bioenergy, and prototypes are being built at the Karviná WWTP.

### **7.3. Projects in full swing**



Five other projects with European H2020 funding are in full swing during 2021, two in the BBI (Bio-Based Industries) initiative, and two in the H2020 "Water Smart Economy" call, in addition to one focused on the recovery of minerals from desalination brines. Also, in the EU's LIFE programme, 4 projects are being implemented in facilities operated by Aqualia, and another in cooperation with FCC Medio Ambiente:

- **BBI Deep Purple:**

Led by Aqualia and supported by thirteen partners from six countries, the project implements a new bio-refinery model on a demonstration scale, integrating purple and phototrophic bacteria (PPB) in anaerobic carousels. These bacteria use solar energy to treat wastewater without aeration, and transform the organic content of wastewater and municipal waste into feedstock for biofuels, plastics, cellulose and new base materials in the chemical and cosmetics industry.

A first Aqualia prototype is operating at the Toledo-Estiviel WWTP, and a 10 times larger demonstration reactor is being built at the Linares WWTP. Parallel activities are also being prepared at the SmVaK WWTP in the Czech Republic and another demonstration site is planned.

- **BBI B-Ferst:**

With Fertiberia as leader, and with ten partners from six different countries, Aqualia is participating in the development of new biofertilisers from urban wastewater and by-products from agri-food industries. The potential of raw materials recovered from urban waste and effluents in the production of fertilisers is being analysed in three countries (Spain, Italy and the Czech Republic). A struvite precipitation system has also been built at the Jerez WWTP to incorporate the recovered phosphorus in a new Fertiberia bio-based fertiliser demonstration plant in Huelva.

- **Life IntExt:**

The project to optimise low-cost wastewater treatment technologies in small towns is led by Aqualia, with the AIMEN and CENTA technology centres and the University of Aarhus in Denmark, supporting SMEs in Germany, Greece and France. The objective is to minimise energy costs, carbon footprint and waste treatment, providing sustainable solutions from an ecological and economic point of view to urban centres with less than 5,000 inhabitants. The demonstration platform of 16 technologies was launched at the Talavera WWTP, operated by Aqualia, which will enable a tailor-made offer to isolated urbanisations.

- **Life Ulysses:**

Three technology centres, CENTA, EnergyLab and CieSol of the University of Almeria, support aqualia as a coordinator to transform conventional WWTPs into "energy production factories", achieving energy self-sufficiency and eliminating their carbon footprint. Anaerobic pretreatment with the PUSH

reactor, which has also been successfully evaluated in two WWTPs in Portugal, has been implemented at the El Bobar WWTP in Almeria, operated by Aqualia. To improve the energy balance, digestion is intensified with hydrolysis, to use bio-methane as a vehicle fuel with an ABAD BioEnergy refining system and a dispenser.

- **Life Infusion**

After completing the Life Methamorphosis project at Ecoparc 2, the Barcelona Metropolitan Area (AMB) wanted to extend the operation of the pilots to prepare the designs of several new plants for recovering resources from municipal solid waste. Together with the EureCat technology centre and the operator of Ecoparc2, EBESA, the leachate digestion system is being optimised with technologies from Aqualia, AnMBR and ELAN, with the addition of an ammonium stripping system from the Belgian SME Detricon. Two waste management entities, Cogersa in Asturias and [AMIU in the region of Genoa/Italy](#) are also participating to evaluate the options for implementing the solutions in their plants.

- **Life Phoenix**

The project, led by Aqualia, and supported by the technology centres CETIM and CIESOL, optimises tertiary treatment to achieve the most ambitious objectives of the new European regulation on water reuse (EU 2020/741). To evaluate various effluents, from ADP in Portugal, the Almeria Provincial Council and the Guadalquivir Hydrographic Confederation, several mobile plants are being built, one for physical-chemical treatment at 50 m/h<sup>3</sup>, another for advanced filtration at 30 m/h<sup>3</sup>, to be combined with various ultra- and nano-filtration membrane refining skids.

In addition, Newland's European subsidiary Entech is participating with ozone O<sub>3</sub> and ultraviolet UV modules, which enable advanced oxidation and disinfection. A sensor from the Dutch SME MicroLan for on-line microbiological measurements is also being tested.

- **Life Zero Waste Water**

The project, led by Aqualia, with Canal Isabel II as a partner, installs a combined treatment unit for Urban Waste Water (UWWW) and Organic Fraction of Urban Solid Waste (OFUW) at the Valdebebas WWTP. An anaerobic reactor AnMBR of 50 m/d<sup>3</sup> will be fed, which will be followed by the ELAN in-line water process, allowing a carbon neutral treatment footprint. The management of FORSU at municipal level will be assessed, using the sewerage system to transport the mixture in a single stream.

In addition to the Universities of Valencia (co-holder of the AnMBR patent) and Santiago (co-holder of the ELAN patent) the Portuguese SME Simbiente is participating to develop an advanced management system, combined with on-line monitoring of microbiological quality by the Austrian SME VWS (Vienna Water Systems).

- **H2020 Sea4Value**

The EureCat technology centre coordinates fourteen partners from seven countries to recover resources from concentrated brine in seawater desalination plants (WWTPs). Thanks to 100% EU funding, at least eight innovative technological solutions are still being developed at a basic scientific level. The aim is to enrich the most valuable components of seawater (lithium, caesium and rubidium) and to recover critical raw materials (magnesium, boron, scandium, gallium, vanadium, indium, molybdenum and cobalt) to a purity that allows them to be exploited on the market.

For the analysis of the technical and economic impact, the implementation of pilot units is planned in the various WWTPs operated by Aqualia, to reinforce aqualia's Desalination Innovation Centre in Denia and to develop a new platform in Tenerife, adding the development of solutions for the valorisation of brine to the new desalination methods. Work is being carried out on the solar concentration of brine, selective precipitation of magnesium, obtaining chlorine dioxide, and optimisation of the remineralisation of permeate with micronised calcite, reducing CO2 consumption, turbidity and the size of the installation.

- **H2020 Ultimate**

In the Smart Water Economy call, Aqualia participates in two of the five selected consortia, which receive up to €15m of EU support per project. In Ultimate, the Dutch technology centre KWR coordinates 27 partners implementing nine demonstrations of synergies between water utilities and industries.

At the Mahou WWTP in Lérida, operated by aqualia, an industrial-scale fluidised anaerobic reactor (FBBR / Elsar) is being installed, which will later be compared to an AnMBR to recover biomethane and feed a fuel cell. Co-digestion of yeast is also being studied, as well as support to another project partner, Aitasa in Tarragona, where aqualia is building a new industrial effluent treatment plant.

- **H2020 Rewaise**

Of the five projects funded under the EU Smart Water Economy call, Aqualia leads the one with the largest business participation, as the twenty-four entities in the consortium include water companies from the UK (Severn Trent), Sweden (Vasyd) and Poland (AquaNet). Together with 7 SMEs and several universities in Croatia, Italy, Poland, Czech Republic, Sweden, and UK, new circular economy and digital management solutions are implemented in "living labs" including Aqualia's operations in Badajoz, Canary Islands, Denia or Vigo.

Rewaise reinforces Aqualia's strategic lines of technological development, with sustainable desalination and new membranes, the recovery of materials from brine, the reuse of wastewater and its transformation into energy and by-products, and the simulation of the operation and control of processes and networks to optimise the efficiency of the service and the quality of the water.

#### 7.4. Projects started in 2021

In 2021, two new European projects were launched, bringing aqualia's participation in each of the major European support programmes, Life and H2020, to eleven:

- **H2020 Nice**

The project, led by the technology centre CETIM with 14 partners from 9 countries, focuses on natural solutions for the purification and recovery of resources from wastewater, such as wetlands or green belts. These options for sustainable cities will be implemented in a dozen sites, including aqualia's facilities in Vigo, Talavera and Algeciras. The pilots integrate developments from SMEs and universities in Denmark, France, Italy and Sweden, and include actions with partners in Colombia and Egypt.

- **LIFE Reseau**

The RESEAU project seeks to increase the resilience of the existing hydraulic sanitation infrastructure to the impact of climate change. The project, led by Aqualia, is in partnership with ITG (Fundación Instituto Tecnológico de Galicia) and VCS (VandCenterSyd AS) in Odense (Denmark). In Moaña (Pontevedra), sensors (velocities, flow rates, etc.) will be installed in the sewerage network to monitor and model its behaviour.

In addition, a 500 m<sup>3</sup> aerobic granular reactor will be built at the Moaña WWTP to treat up to 2,000 m<sup>3</sup>/d of wastewater. Compared to conventional activated sludge technology, this advanced biofilm system multiplies the biological treatment capacity several times over, improving the WWTP's capacity to react to flow variations and limiting the space required for its implementation. It also significantly reduces the environmental impact of the treatment process by reducing energy needs and avoiding the emission of greenhouse gases.

#### 7.5. Patents

During the year 2021, one new European patent and one American patent have been obtained as a PCT extension of European patents for the year 2020:

- Bioelectrochemical system for simultaneous production of water disinfection agents and carbon-neutral compounds/Device for disinfectant synthesis from salt coupled to methanation of carbon dioxide - DARE, with the University of Girona).
  - EP18382099.2 with award date 19/05/2021
- Microbial Desalination Cell (MDC, together with Imdea Water):

- After approval of [EP 3336064 A1](#) in 2020, US patent title No. 10954145 is received in March 2021.

Three trademarks and one utility model are also registered:

- ELSAR (Electro Stimulated Anaerobic Reactor) for the patented bioelectrochemical fluidised bed process that has been developed with the University of Alcalá de Henares.  
Method for Treating Waste Water in a Fluidised Bed Bioreactor
- AQUAVITE for the Struvite/Vivianite based fertiliser product obtained from the co-o precipitation reactors at B-Ferst (Jerez) or Run4Life (Guillarei).
- ANPHORA" (Anaerobic PHOtotropic RAceways) for purple bacteria reactors in DEEP PURPLE (Advansist Patent with URJC)
- From the LIFE Icirbus project, the process for the elimination of heavy metals in sludge for agricultural use is protected under the model ES1268689.

These patents are incorporated into Aqualia's industrial property, with ELAN® (EP 2740713 A1, and its extension EP 3255016 A1), ABAD Bioenergy® (EP 15382087.3) and LEAR algae reactors ([EP 2875724 B1](#) and [EP 2712917 B1](#)).

## **7.6. Publications and Events.**

In terms of publications and conference participation, activities are picking up again, after 2020 with the cancellation of many events due to Covid restrictions. The attached table shows that the rate of references in various media is already close to one mention per working day.

The documentary "Brave Blue World" ([youtube.com/netflix trailer BraveBlueWorld](https://www.youtube.com/watch?v=netflix trailer BraveBlueWorld)) featuring aqualia DIT activities was released on Netflix in October 2020, and has been distributed in more than 50 countries, winning some awards such as "Best of Show" at [indiefest/winners-feb-2021](https://indiefest.com/winners-feb-2021). He also participated in the DIT in September in a contribution to [cbsnews.com/aqualia-committee-to-water-circularity](https://www.cbsnews.com/aqualia-committee-to-water-circularity).

	2019	2020	2021
Scientific articles	12	5	6
Trade press	108	63	69
Mainstream press	139	93	186
International events	24	14	30
National events	19	11	26
<b>TOTAL</b>	<b>302</b>	<b>186</b>	<b>317</b>

## 8. PEOPLE AND CULTURE

### 8.1. General lines of action

Around the **Be Aqualia** project, the different functions of the People and Culture department converge under the common orientation and motto: **people working for people.**

**Be Aqualia** is the company's cultural transformation project through a coherent and consistent intervention from the human resources function. This intervention is in line with the company's strategic plan and business vision and is supported by the people management led by the company's executives.



During this financial year, and with the key objective of becoming a **Healthy Organisation**, work has continued on the basis of the seven blocks of action identified as "health assets", which constitute the different lines of work that will be detailed in the different sections below.



## 8.2. Reconciliation

Aqualia maintains its *efr* (family-friendly company) certification obtained in 2017. It has recently renewed this certification until 2023. The audit was carried out by Aenor in February 2021. Aqualia has raised its score from the initial certification and is now a **C+** company.

In the interviews carried out with the staff in February by Aenor, it is highlighted that:

- 80% consider that the conditions for work-life balance have improved since the initial certification.
- 43% consider that Aqualia is above average in terms of work-life balance in the sector and 45% that it is within the average.
- 94% believe that senior management and managers are supportive of work-life balance.

In addition, for the years 2021-2023, a series of objectives have been set in terms of work-life balance, which have been approved by the company's management and are available to employees, as follows:

- Analysing and segmenting the "Be Aqualia Catalogue of Measures" in order to adapt it to the real needs of the different groups.
- Communicate the "Be Aqualia Measures" effectively by groups.
- Extend the culture/leadership in work-life balance.
- Extending the efr culture to the value chain

### **8.3. Diversity and Equality**

#### **8.3.1 Diversity and Social Inclusion**

Aqualia maintains its collaboration agreements with different associations.

In 2021 Aqualia has renewed its participation in the **Diversity Charter** that it joined in 2018. By signing this charter, Aqualia declares that it respects the regulations in force in terms of equal opportunity and anti-discrimination, and assumes the following basic principles:

- Raise awareness: the principles of equal opportunities and respect for diversity must be embedded in the company's values and disseminated to employees.
- Making progress in building a diverse workforce.
- Promote inclusion.
- Consider diversity in all people management policies.
- Promote work-life balance through a balance between work, family and leisure time.
- Extending and communicating engagement to stakeholders

**Adherence to the [#CEOPorLaDiversity](#) alliance** (signed by Félix Parra in March 2021), a pioneering initiative in Europe led by the Adecco Foundation and the CEOE Foundation, to unite companies and the people who manage them around the values of diversity, equity and inclusion, with Aqualia being the only company in its sector to form part of this agreement.

The Leading Programme for Aqualia's managers (held between April and June) included a module on the **importance of diversity and inclusion in the business environment**.



**Training in Diversity and management strategies** aimed at personnel from the people and culture department. The aim of this course, given by the Adecco Foundation, was to raise awareness of co-responsibility in diversity management and to acquire tools to define a Diversity strategy and implement initiatives and projects that respond to the goals set. 24 people completed this training in May 2021.

**Diversity and Inclusion awareness-raising for the entire workforce.** This awareness-raising develops the concepts of equality, uniqueness and unity to advance Aqualia's commitment to diversity. Employees with access to e-mail are taking the course through the FCC Campus and employees without access to a computer are carrying out a campaign through posters in different countries.

In 2021, 1960 people have completed the first part of the training. This awareness-raising will continue throughout 2022 in order to contribute to the following challenges:

1. Foster an inclusive culture and leadership where diversity is managed in four dimensions. *1. Personality. 2. Internal dimension (age, race, gender, sexual orientation, race, ethnicity, physical abilities). 3. External dimension (family situation, values, beliefs, hobbies, etc.). 4. Corporate Dimension (category, position, etc.).*
2. To extend the culture and inclusive leadership in those countries where Aqualia operates, as long as it is in line with the legislation and culture of each country.
3. Reducing unconscious gender bias and discrimination of those involved in the selection process.

With the Adecco Aqualia Foundation, it continues to develop the Family Plan aimed at children of employees with a certified disability greater than or equal to 33%. It also maintains the Collaboration Agreement with the Down's Syndrome Foundation and with FSC Inserta de la Once.

### **8.3.2 Equality**

- **Mentoring/ Training**

The IV Female Talent Mentoring Programme was launched in 2020 with the aim of continuing to promote the presence, visibility and participation of women in the company's organisation, thus facilitating the development of their professional careers. This year, seven mentees, three mentors and four female mentors took part in the programme. This programme will end in November 2021.

- **Equality Badge**

Aqualia maintains its "Equality in the Company" award. In December 2020, the third extension was granted for a period of 3 years. This distinction is recognition by the Ministry of Health, Social Services and Equality of the company's commitment to diversity and equal opportunities for men and women.

- **Equality Plan**

In 2021 Aqualia continued with the implementation of its second Equality Plan in which both the company and the majority trade unions at the national level reiterated their commitment to equal opportunities between men and women.

On 5 October 2021, Aqualia signed its 3rd Equality Plan for the period 2021-2025, renewing its commitment to guaranteeing gender equality (SDG 5) and reducing inequalities (SDG 10).

The III Equality Plan is adapted to the requirements of Royal Decree 901/2020, of 13 October, which regulates equality plans and their registration, and Royal Decree 902/2020, of 13 October, on equal pay for men and women.

This Plan extends its application and is therefore binding on all workers who provide services at any of the work centres of FCC AQUALIA, S.A.,, as well as those of subsidiary companies with 50 or more workers and in which FCC AQUALIA, S.A. directly or indirectly holds more than 50% of the capital.

- **Campaigns: Women's Day, Gender Violence, etc.**

The Company continues to show its commitment to combating gender-based violence through the implementation and participation in various awareness-raising and sensitisation campaigns carried out in different municipalities and with the collaboration of Aqualia's staff.

- **Management Development Programme for Women**

In 2021, a new edition of the Management Development Programme for Women with High Potential of the School of Industrial Organisation (EOI) was held with the participation of 3 members of Aqualia's staff.

## **8.4 Leadership**

During 2021, the **Leading Programme was** held for all Aqualia's managers, with the aim of developing the new leadership skills that, now more than ever, are necessary to work with teams in this ever-changing environment.

The contents of the programme have focused on these points:

- The person at the centre.
- Emotions and their place in the work environment.
- The purpose that unites the team.
- Communication and team management.

- The new leadership.
- The importance of diversity and inclusion in the business environment.

## 8.5 Work climate

Aqualia, as part of its organisational culture of commitment to people, launches a work climate survey every two years. In 2019, a specific questionnaire was developed and, at the end of 2021, it was decided to re-evaluate the situations previously collected, adding, in addition, key questions about the current situation resulting from the international pandemic that began in 2020 and whose effects are still present today.

It should be noted that in 2019 the study was carried out in Spain, while in 2021 it will also include the following representative countries where Aqualia operates: Mexico, Colombia, Czech Republic, Egypt, France, Italy, Oman, Portugal, Spain and Portugal.

The overall participation was 51.3% and ten dimensions were analysed: communication, company vision, culture, work-life balance, processes, organisation, development, relations, management, involvement.

As an overall result, it should be noted that 89% said that they were proud to work at Aqualia and 95.1% liked their work. In addition, 80.3% of those surveyed said that they felt accompanied and supported by the company in times of confinement.

## 8.6 Development

### 8.6.1. Professional and Personal Development

With the aim of contributing to the well-being of its employees, Aqualia has maintained the measures included in the **Be Aqualia Psychopack** in 2021:

- **Psicomet:** Aqualia provides all employees with this tool that allows them to check their level of mental and emotional well-being, helping employees to identify any psychological problems they may be experiencing at an early stage.
- **Employee Assistance Programme (PAE):** Psychological care service offered by expert psychologists that will help employees to resolve any possible psychological and emotional distress they may be experiencing, both personally and at work. The psychological care service is available 24 hours a day, 7 days a week, no appointment is necessary and its use is unlimited.
- **Interpersonal Conflict Management Procedure:** which aims to be an effective tool for the management and resolution of conflicts arising in the workplace through mediation (a voluntary process in which the parties to a conflict try to reach an agreement by themselves with the assistance of a third, impartial and neutral person, called a mediator).

- **Standard Post Manual:** Throughout 2021, job descriptions have been drawn up for the organisation's jobs according to professional families and differentiating within each post: mission, functions/responsibilities and requirements (academic training, experience, technical knowledge and languages). This manual is intended to be a basic tool for organisational processes such as:
  - Job evaluation
  - Recruitment
  - Career plans
  - Performance evaluation
  
- **Training:** Training at Aqualia is linked to the Company's strategic objectives, to improving the performance of the workers' functions and to ensuring health and wellbeing. To this end, we work to develop training that is adapted to the requirements of each of the Company's jobs.

In the context of the health crisis that has continued to mark 2021 Aqualia has continued with the **training against the coronavirus** for employees who had not yet been able to do so, in total, 311 people have completed this course this year.

The aim of this course was to provide the organisation with specific and updated information on the organisational, hygienic and technical measures implemented by the company that allow us to create habits for high professional performance in times of crisis.

The criterion followed by Aqualia for the implementation of the 2021 Training Plan until September has been to carry out, fundamentally, the mandatory training and that which can be effectively delivered through virtual and e-learning methodologies.

Face-to-face training was resumed in September due to the improvement of the health situation in COVID-19.

Globally, in all the countries where Aqualia operates, **training courses 1.561** were organised in 2021 **and (7.5245,769 male and female 1.755)** employees received 141,080 hours of training.

In October 2021 Aqualia published its new **Language Training Policy**.

Throughout 2021, courses on the Office 365 Tools required for the digital transformation process have continued to be delivered.

In addition, a course on **interpersonal conflict management was given** to individuals. 2.411

Likewise, in 2021, training on the **code of ethics and conduct** continued to be developed. Training was also provided on **anti-corruption: relations with public officials in the FCC Group**.

Training in **digital disconnection** has also been very important in 2021. 2,496 people have taken this course which aims to contribute to guaranteeing the right to digital disconnection: the employee's right not to use or connect to corporate telematic media outside of work time, provided that during this time they do not have to fulfil an obligation or responsibility that cannot be postponed in their job. This course also aims to prevent techno-stress among employees.

Finally, **cybersecurity** training was provided to raise employee awareness of their crucial role in information security, create a culture of security and lay the foundations for the protection of our confidential information as well as that of our customers and suppliers. 2,155 people have completed this training.

- **Accreditation of Professional Competences:**

Aqualia continues to promote and develop professional skills accreditation processes. In 2021, the second call for the accreditation process was launched, registering 45 workers in Aragón-Rioja-Navarra (21 workers in Energy and Water and 24 workers in Safety and Environment).

On the other hand, in 2021 the Departament d'Educació has published 2 public calls for personnel in Catalonia for the Energy and Water certificates.

In the 1st call for applications, Aqualia registered 11 workers, 10 of whom obtained full certification and 1 worker partial certification.

In the 2nd call Aqualia has registered 7 workers. This call is currently in the registration phase.

In the Community of Valencia there are 2 public calls in process:

- Call aimed at water network managers and in which 12 Aqualia workers have registered.
- Call addressed to the monitors of the Sports Centres in which 13 Aqualia workers have registered.

It should be noted that two Aqualia employees (from Aragon) took the course to qualify as experts in the accreditation process and to be able to participate as assessors and evaluators of the Safety and Environment family and after passing the course, the Department of Education qualified them to be able to participate in the next calls for applications.

Aqualia currently has 19 qualified experts (12 for energy and water, 7 for safety and environment).

Looking ahead to 2022, Aqualia has already started talks to renew the agreement that expires on 31/12/2022 as 535 workers remain to be accredited due to the pandemic.

## 8.6.2. Talent Selection and Attraction

Aqualia's Recruitment and Internships Department continues to work in line with the company's policies, using different recruitment methods and sources to **attract talent, guaranteeing objectivity and equal opportunities** in the selection and recruitment processes.

To this end, **throughout 2021, the new Personnel Selection procedures** worked on during 2020 **have been implemented in Aqualia**, in which the necessary modifications have been contemplated for adaptation to the different areas and to Aqualia's business, both nationally and internationally, with the aim of **improving the selection processes and the quality of these**.

**In line with the job map** also drawn up in 2021, work has been done on the **description and evaluation of jobs and professional profiles**, the **application format for the opening of selection processes** and the **style of publication of job offers**.

In addition, in 2021 we worked on **Aqualia's Employer Brand Image** when publishing our job offers, investing in the **Employer Branding** service in the usual publication channels and based on the **Project to Attract Talent 4.0**, especially people with a STEM profile (Aqualia's adaptation to the climate emergency, new technologies, renewable energies, etc. ....).

Example Employer Branding Infojobs: <https://fcc-aqualia.ofertas-trabajo.infojobs.net/>

In 2021, the quality of the interviews has been improved with a new model of **Interview Script**, which is still being worked on with a view to its definitive implementation in 2022, and in which, in addition to the **curricular profile** of the candidates, the competencies and skills of the same are analysed, and ultimately, the **fit with the company and with our values and key competencies, previously defined by the company**.

During 2021 Aqualia has invested again in the most relevant national and international job portals such as **Infojobs** and its ATS **E-Preselec** or **LinkedIn**, and in the adaptation to the competencies and job map of the tests of **The Key Talent** platform already contracted in 2020.

Aqualia promotes internal mobility as a source of recruitment, publishing all the positions required in the company on the **Internal Mobility (IM)** channel to which all FCC Group employees have access. We are also **working on action plans to feed the database extracted from our own Aqualia website**, redirecting candidates who arrive through other channels.

- **External Publications:** Average of about **70 publications per month** in national areas and SCC (national and international).
- **Selection processes:** average of **150 selection processes per year** per national/SCC area (data includes production and structural selection processes).

**The number of new hires** made during the year 2021 is detailed below:

SDG 8	Men	Women	Total
New recruitments Central Services	32	37	69
New recruitments Spain (ZONES)	541	124	665
New international recruitments	247	116	363

Regarding the incorporation of young talent, in 2021 we have worked on some modifications to the **Internship Procedure** that will be definitively implemented in 2022 with a double objective:

- **Improve the procedure and processes for incorporating trainees** who will provide the talent for the future.
- To collaborate with the **employment of young people** in projects with a clear and necessary future for the achievement of a sustainable world.

SDG 8	Men	Women	Total
Traineeships 2020/2021	18	18	36

We are working on a **plan to integrate young people into the company**, and with this vision, we have carried out some actions to date:

- **All the agreements with universities with which Aqualia** has been **collaborating** for years that required the approval of new periods of validity **have been renewed** and others have been signed with **new schools, universities and vocational training centres** in different communities (CUNEF, University of Castilla la Mancha, University of Malaga, among others).
- For the third consecutive year, four (4) trainees from the Instituto de La Paloma in Madrid have been incorporated for the 2021-2022 academic year for the **Higher Degree in Water Management** and the **Intermediate Degree in Water Treatment Networks and Stations of the Dual Vocational Training programme**, promoted by Canal de Isabel II.
- **70% of the students of the FP Dual programme** who have worked at Aqualia to date **have joined our workforce**. Aqualia is **one of the companies in the programme with the most involvement and success in the programme** and with the highest percentage of new recruits after the work experience period, receiving an excellent rating from both students and the study centre itself and the rest of the collaborating companies.
- There has also been an increase in the number of total trainees who manage to join Aqualia's workforce once they have completed their internships.

## 8.7. Health and Welfare

The actions and priorities of the Health and Wellbeing area during the 2021 financial year have been marked by the current situation, the different scenarios and the requirements and responsibilities derived and necessary to limit and minimise the impact of the COVID-19 health crisis in Aqualia, always in line with the objectives and guidelines on health and safety and the permanent need for evolution and improvement, following as strategic axes:

- Effective and efficient management of the pandemic and for the protection of people's health and well-being at Aqualia.
- Increasing the integration of preventive activities through direct collaboration with the production areas of the Zones and the promotion of coordinated actions to deal with critical risks (asbestos, ATEX, road safety, etc.).
- The establishment of guidelines, actions and tools for the promotion of organisational learning, thus improving the effectiveness of preventive activity through the digitalisation of processes, means and technical development.
- Improved preventive management and specialised on-site assistance, which has led to the reinforcement of the Health and Welfare team.
- The design and implementation of a new policy on the management of contractors and suppliers, from the initial approval process to the supervision and control of the development of the work, with the aim of improving health and safety performance.

Some of the most relevant activities carried out during the year include the following:

### 8.7.1. Management of COVID-19 in Aqualia

From the beginning of the health crisis, Aqualia's main objective was to establish a line of action throughout the company to limit and minimise the impact of this contingency on Aqualia's employees, on its assets (maintaining the continuity of the activity) and to ensure the correct service to our users and customers.

The capacity for reaction, planning and organisation has made it possible to confront the health crisis by implementing the necessary measures to protect workers and their families and to ensure the continuity of an essential service such as integrated water management, in the face of a situation that was unexpected and unknown to all.

Now, a year and a half later, when we look back, we realise that the strategy followed by Aqualia has allowed us to have a great success in the management of this health crisis, managing to maintain a



very low incidence in the entire workforce, not having had to interrupt the service at any time and with the reliability of not having suffered at any time any outbreak of occupational origin.

Aqualia's commitment to updating the measures has been total since the beginning of the health crisis, from 15 March 2020 to the present day Aqualia has drawn up a total of 9 contingency plans and a Preventive Action Protocol to adapt the proposed technical-sanitary measures to the social situation at any given time.

The chronological summary of the documents produced is as follows:

- COVID-19 Contingency Plan - version 1 (13/03/2020)
- Contingency Plan COVID-19 - version 2 (16/03/2020)
- COVID-19 Contingency Plan - version 3 (9/04/2020)
- COVID-19 Return Plan - version 4 (4/05/2020)
- COVID-19 Return Plan - version 5 (5/06/2020)
- COVID-19 New Normality Plan - version 6 (01/09/2020)
- COVID-19 Contingency Plan - version 7 (1/11/2020)
- COVID-19 Contingency Plan - version 8 (22/03/2021)
- COVID-19 Contingency Plan - version 9 (14/06/2021)
- COVID19 Preventive Action Protocol - Version 1 (16/12/2021)

Each update of the Company's contingency plan has responded to necessary modifications of the initial plan in order to update the measures implemented and adapt them to the regulations published by the Health Authorities, the Ministry, the Labour Inspectorate and the Autonomous Communities as the health crisis has progressed.

Among the most relevant milestones related to the management of the pandemic by Aqualia, the following can be highlighted:

Definition of contingency plans, guidelines and protocols, both specific to Aqualia and the corresponding corporate ones, in collaboration with the Mutual Society and the FCC Corporate Prevention Service and FCC Medical Services.

1. Incorporation of a health technician in the Department with the aim of providing support, guidance and personalised follow-up (by telephone) of each COVID incident reported according to an adapted and personalised protocol for the detection, notification, study and management of cases and contacts.
2. Parallel monitoring with the health authority: individualised medical monitoring of each COVID incident that has been maintained throughout the pandemic, 2549 incidents have been managed as of 30 September 2021.
3. After a period of non-exhaustive incident monitoring, this dynamic was reactivated during the last fortnight of December 2021 due to the irruption of the new Omicron variant with

the following data (at the end of 04January 2022): 293 new cases and 137 pre-emptive isolations in Spain, 27 new cases and 13 pre-emptive isolations in Europe and MENA and 2 new cases and 3 pre-emptive isolations in America.

4. Management of vulnerable workers. 84 cases of vulnerability have been managed.
5. Specific health campaigns according to the needs of the moment, for example:
  - Different prevention campaigns using serological tests. The diagnostic tests carried out by the company to date have been:
    - ✓ Serological rapid antibody test: 2332,
    - ✓ ELISA serological tests: 58,
    - ✓ PDIA (antigen test): 598,
    - ✓ PCR: 115.
  - Campaign to draw up, periodically monitor and update specific contingency plans per contract or work centre.
  - Campaign on ventilation and indoor air quality
  - Communication and awareness campaigns for the commitment to personal and individual responsibility of workers.
  - COVID Easter Preventive Plan 2021
  - Reminder campaign on preventive measures aimed at tackling the outbreak of the new Omicron variant.
  - Awareness-raising campaign: Promoting vaccination
6. Regular reports to the Board of Directors on the status and management of the pandemic in Aqualia.

#### **8.7.2. Health and Emotional Wellbeing Project "Challenge: COVID-19".**

With a special emphasis on the more human nature of the pandemic crisis, the People and Culture area has sought to reinforce the care of people's psychological health in an essential way, reinforcing and focusing in a very special way on the emotional well-being of all our employees and even their closest relatives, thus strengthening synergies focused both on co-responsibility and with the SDG3 and our corporate social responsibility given the current health and socio-economic situation.



By way of summary, we could indicate that, in general terms, the actions carried out have been aimed at:

1. The establishment of methods and mechanisms necessary to carry out the internal analysis of the state of affairs and the validation of the best strategies to be developed.
2. The development of specific tools for psychosocial research aimed at assessing "in situ" the impact of Covid on our workers, as well as the possible effects on the working environment and the corresponding training of all members of SPM for psychosocial diagnosis and intervention.
3. The generation, provision and dynamisation of quality initiatives developed by expert psychologists for the individual approach in favour of emotional health, such as:
  - **PSICOMET-COVID adaptation:** thanks to the advice of Affor (an expert in psychosocial well-being), the individual emotional health assessment tool was modified to be able to assess the "COVID affectation" with the dual objective of early detection of damage (which can lead to the implementation of all necessary measures for prevention) and to be a very valuable source of information with regard to providing indicators that will help to design strategies to promote emotional well-being within the company.
  - **Extension of the Employee Assistance Programme (PAE) to family members** of Aqualia's employees to facilitate psychological support so that they can use it whenever they need psychological counselling and/or support resources to resolve any possible emotional distress they may be experiencing in their daily lives, both personally and at work.
  - **Information and awareness-raising through TIPS and psycho-educational campaigns:** multi-channel campaigns, accessible to all workers and led by specialised psychologists, providing practical resources for self-care of emotional health.

Finally, the effectiveness of the actions developed to manage the impact of the pandemic on Emotional Well-being has been evaluated.

- 1) The results of Aqualia's "Employee Voice" survey show that 100% of those interviewed affirm that Aqualia has acted appropriately in the face of the COVID-19 crisis.

2) From the analysis of the Results of the Psychosocial Diagnoses carried out by the Health and Wellbeing technicians in the work centres, it can be concluded that the impact of COVID-19 is not having a relevant effect in relation to the psychosocial factors associated with the different jobs. Furthermore, based on the responses and perceptions received during the personal interviews, focusing only on the section of RESOURCES / HELP / EMOTIONAL AND PSYCHOLOGICAL SUPPORT, we can determine a high degree of satisfaction in relation to the results obtained:

- Although 63% of the workplaces are aware of the tools available to take care of our emotional health, the following are not the most common.
- In 86% of the Work Centres it is understood that Aqualia has implemented psychosocial support strategies to manage the emotional impact of this situation (informative or supportive conversations, acknowledgements, provision of specialised help, etc.)".
- And in 83% of the cases, workers consider that the company has managed the psychological and emotional support well.

From the analysis of absenteeism due to pathology derived from psycho-emotional health, we can conclude that, currently, in Aqualia it only represents 3% (with 42 cases identified).

### **8.7.3. Promoting coordinated action against asbestos**

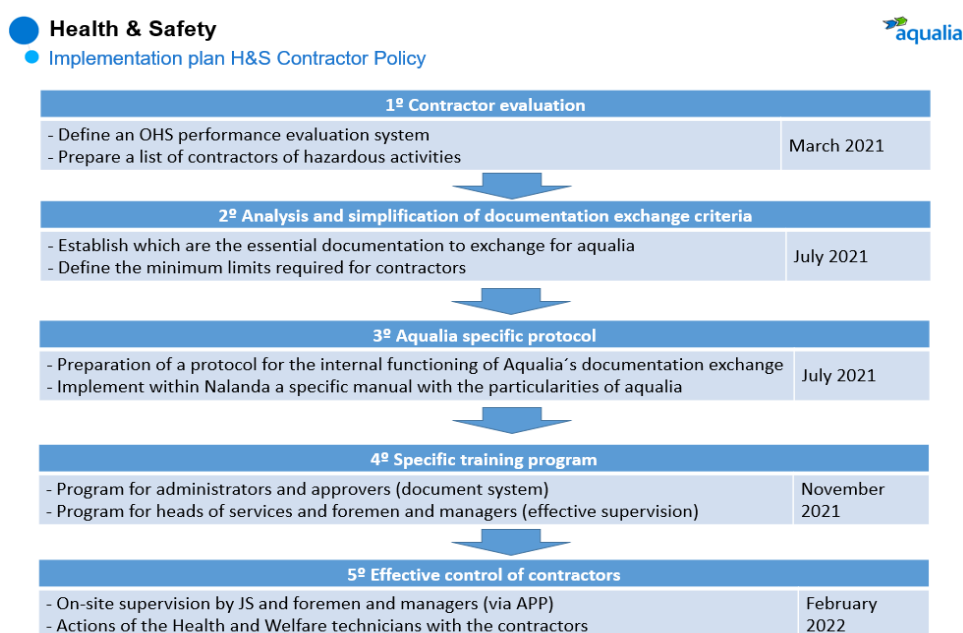
Throughout the 2021 financial year, a significant amount of resources has been invested to strengthen the control of asbestos management. Some of the main milestones in this area are:

- The control of compliance with medical protocols in the corresponding health surveillance of workers has been reinforced.
- A new training plan has been designed to meet the demanding training requirements set by the administration for the 2022 financial year, and a major effort has been made to train employees to meet these requirements. And the first phase of the training plan has been successfully implemented.
- Actions are coordinated for the design of decontamination cabins and units to be acquired, the evaluation and determination of new pipe cutting equipment, the registration in Aqualia WO of work reports with asbestos cement, the feasibility of reducing the number of personnel dedicated to work on asbestos cement, etc.
- The renewal of Aqualia's General Work Plan has been achieved, maintaining and even improving the conditions that were already required of us:
  - only mandatory use of cabin or double coverall for cutting diameters over 150 mm
  - an alternative system to the double-diver cabin (1+1) is authorised.
  - the authorisation of sabre sawing is maintained

### **8.7.4. Contractor Management - Use of Nalanda**

Based on the preventive and safety culture of our company, throughout this financial year a significant effort has been made to achieve the objective of ensuring that the contractors with whom Aqualia works have excellent health and safety performance and that this performance is monitored, from the process prior to contracting to the completion of the work.

Given the previous lack of sufficiently clear supervision protocols, the failure to monitor indicators and the lack of a policy for extending our health and safety requirements to our contractors, all of this, together with the reinforcement of the implementation and use of NALANDA (or similar), have been the strategic guidelines to mark our roadmap in the management of contractors in Aqualia, which we summarise below:



As the latest actions in which we are currently involved, we could indicate that:

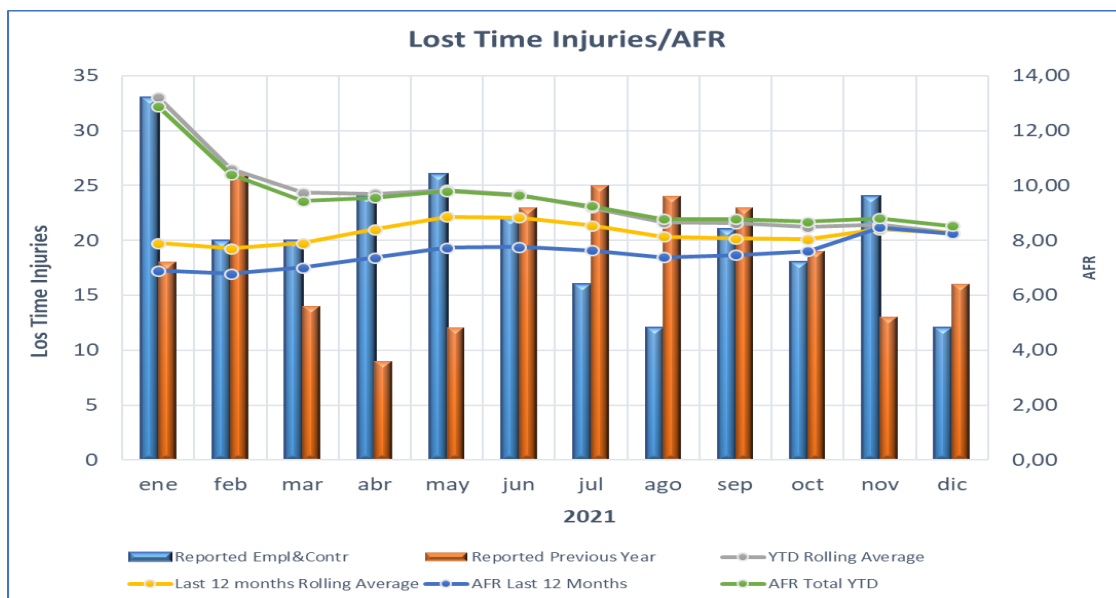
- ✓ Resources are being dedicated to strengthen the use of Nalanda.
- ✓ An Implementation Guide for the Coordination of Business Activities has been prepared.
- ✓ A training plan on the use of Nalanda has been designed and implemented.
- ✓ The implementation of specific actions for hazardous activities is defined: coordination meetings, access control, training, etc.

#### 8.7.5. Actions on Management Systems

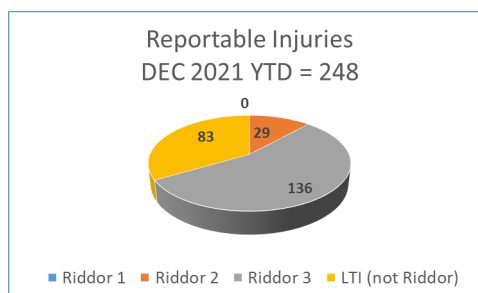
The most significant development in 2021 in this field will be the development of the country-specific Technical Instructions at international level for the integration of health and wellbeing in the management system according to ISO 45001.

### 8.7.6 Absenteeism Analysis and Promotion of Organisational Learning

With regard to the evolution of the accident rate, in 2021 (year-end data), the AFR frequency index (relating the number of accidents with sick leave to the number of hours worked) has maintained a slight but continuous downward trend, which seems to have stabilised at the end of the year at around 8.5, improving from the value of 9.14 in 2019.



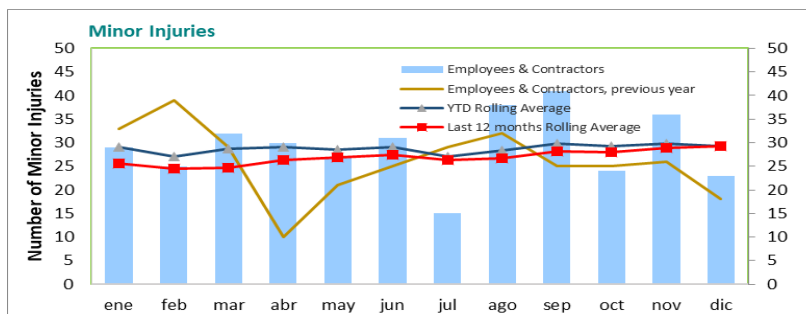
Note that the 2020 value of 6.64 is not proportionally comparable due to its outlier status.



During the financial year 2021, three serious accidents occurred involving our own personnel. To date, two of the workers have recovered and have not suffered any after-effects from the accidents, and only the last one, which occurred in November, is still on medical leave.

In terms of different actions related to the analysis of our absenteeism, some of the most relevant during the year are as follows:

- Improvement of the incident investigation process through the implementation and application of the new Accident Communication and Investigation procedure.
- The promotion of organisational learning through the implementation of, among others, initiatives such as:
  - ✓ Implementation of general measures and actions such as:
    - Detailed analysis by relevant characteristics
    - Developing tools for organisational learning from relevant accidents
    - Centralised management of incident prevention measures (development of new trainings, etc.)
  - ✓ Regular dissemination of "Lessons learned" and "We should know" through the Be Aqualia APP.

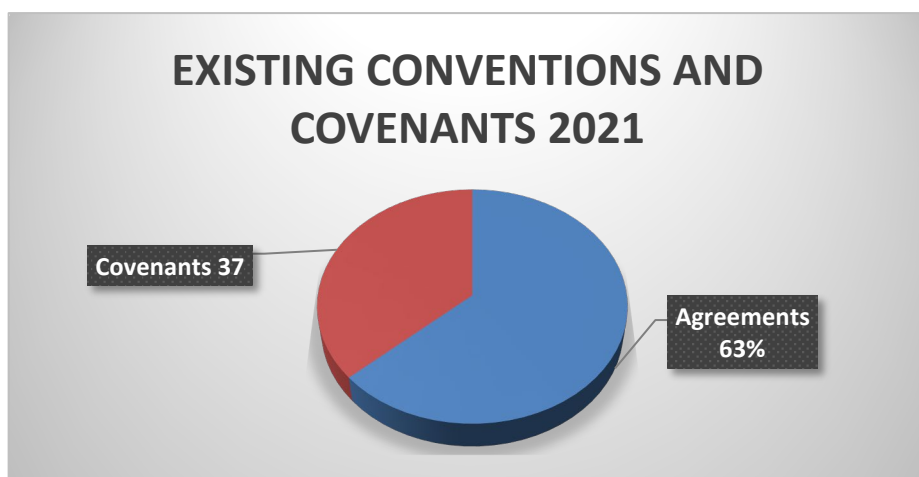


## 8.8. Quality in Employment: Collective Bargaining, Industrial Relations and Personnel Administration

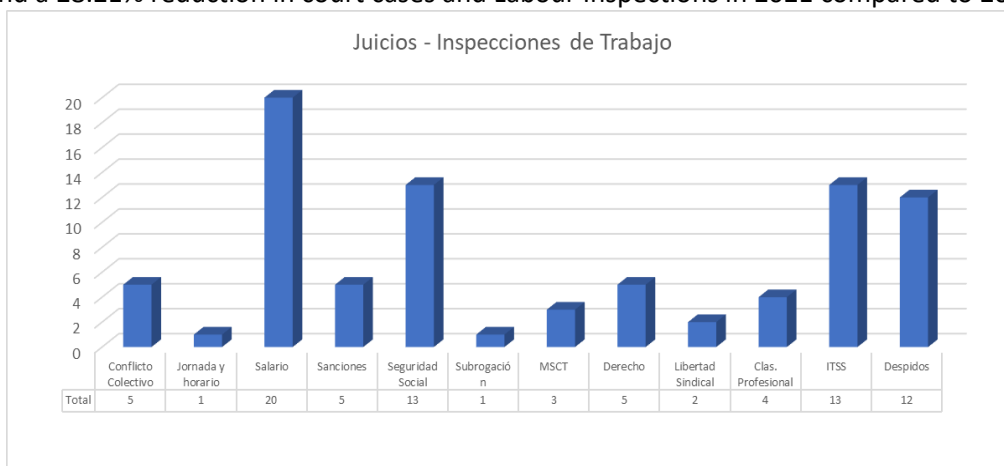
In terms of collective bargaining, it is worth highlighting the agreement reached in December 2020 between the signatories of the 6th State Water Agreement, whereby the increase planned for 2021 has been modified by 50% as a result of the impact of the pandemic on the economy and the sector.

This agreement reflects the stability and fluid collaboration existing between the most representative trade union organisations (UGT and CC.OO.) and the companies that represent the sector at employer (AGA) and trade union level, extending the duration of the 6th agreement by a further year, an extension that provides and demonstrates the stability of the sector at trade union and company level and further strengthens labour relations between workers and companies in the sector, keeping conflict in the work centres where it is applicable to a minimum.

As in 2020, the consolidation and extension of the State Water Agreement has been one of the most relevant successes in terms of Labour Relations, however, the % of workplaces with collective agreements or collective bargaining agreements has been maintained in % with respect to the 2020 figure.

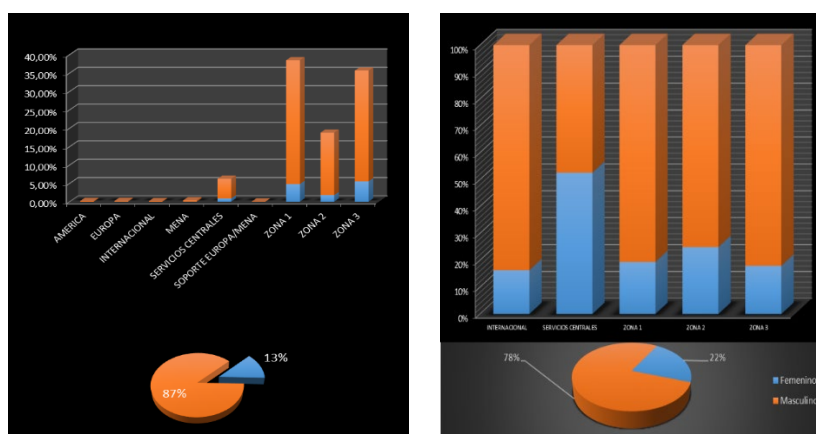


Labour conflict has remained at a residual level, as in 2020, with no strikes declared in the whole year 2021, and a 28.21% reduction in court cases and Labour Inspections in 2021 compared to 2020.





With regard to quantitative data, in 2021 the employment stability policy is maintained, with a result of 87.01% of permanent contracts compared to 86.45% of permanent contracts in 2020, and in terms of gender, the percentage of female employees has been maintained compared to 2020, with a gender distribution of 78% of employees and 22% of female employees.



With regard to compliance with the regulations on staff with different abilities, the Aqualia Group complies with these regulations in full, maintaining the required 2% of staff with different abilities in the companies with more than 50 employees and in the cases of FCC Aqualia S.A. and Aguas de Alcalá UTE through the corresponding alternative measures, having not reached the required 2%, obtaining approval of the alternative measures for FCC Aqualia S.A. for the years 2020 -2023 in August 2020.

Finally, the situation in terms of ERTE which, as a result of the impact of COVID 19 and the restrictive measures implemented by the government initially and by the Autonomous Regions and City Councils subsequently led to closures and a reduction in the activity of all Sports Centres (21 Sports Facilities) affecting 409 workers in March 2020, have now resumed their activity, ending all proceedings and there are no workers in ERTE at present.

## 9. COMMUNICATION, MARKETING AND CSR

### 9.1. Communication

#### 9.1.1. Communication COVID

Efficient water management is not only an essential service for citizens, but also contributes to the economic and social development of society as a whole. The tremendous impact of COVID-19 over the past two years has further highlighted the importance of ensuring socially, economically and

environmentally sustainable water services, not only as a first barrier to pandemic prevention, but also as a basic element for progress.

Aqualia has tackled this particular situation through two axes: one, by developing a more active listening oriented towards all its stakeholders: Public Administrations, users, employees, consumer organisations, NGOs, suppliers, the media and shareholders. And two, by increasing the information offered to these *stakeholders*, especially through its digital channels. In addition to focusing its efforts on maintaining water cycle services, the company is committed to reinforcing its strategy of continuous, useful and responsible communication, as befits the operators of an essential public service.

### **9.1.2. Communication Plan**

The uncertainty of the last months of 2020 continued into the beginning of 2021, which started with the aim of leaving behind the consequences of the COVID-19 health crisis in a scenario marked by social and health restrictions. In these circumstances, the sector has taken on a new way of understanding and applying the concept of "health and safety", which now figures as a value of emerging importance in all areas. This aspect is in addition to the main challenges that the actors in the integral water cycle were already facing before the outbreak of the pandemic (fight against the social divide, climate emergency and technological disruption).

To this end, Aqualia proposed its Communication and CSR Plan as a response to these major challenges and as a roadmap to place the company in a position of responsible business from the perspective of the SDGs, the 2030 Agenda and the International Decade for Action "Water for Sustainable Development (2018-2028)". Its strategic lines:

01. To achieve a position as a leading company with the capacity to influence the sector (social licence).
02. To convey that the company brings real value to municipalities/countries through the management of the integral water cycle.
03. Highlighting the company's technological evolution and adaptation to climate change with a focus on education and awareness of sustainability.

In order to fulfil this roadmap, a total of 681 press releases were launched in 2021 in both online and offline media and 147 meetings were held with national, regional, sectoral and business media.

On the occasion of World Water Day, which is celebrated every 22 March, Aqualia opted for an advertising and information campaign that sought a direct, quick, bold impact with a clear and forceful message, dedicated to the work carried out by all the company's professionals. Despite the tireless work of the people who make up Aqualia's staff, this effort may be imperceptible to the rest of society, which perhaps does not value the role of the water operators fairly. This is summed up in the campaign's key phrase: "We are people working for people providing an essential public service". For

the campaign, a [video](#) was made [on Aqualia's YouTube channel](#), which in the first 24 hours had already registered 17,578 views and reached 75,000 in one week. An outstanding result, taking into account the added competition, as on that day many companies in the sector presented their own campaigns.

After analysing the data, it was found that users aged between 25 and 34 were the most interested, followed by those aged between 35 and 44. It is also surprising that more than half of those who have seen the campaign (52.3%) have done so through Smart TVs, which means entering fully into a new medium. In addition, 741 *clicks* to Aqualia's website were generated, a real achievement in terms of digital marketing.

At the height of the boom in telematic events, [Investagua](#) was held in April. A digital meeting that, for two weeks, from 12 to 23 April, dealt with the main current issues in the sector. Aqualia took part in three key tables: a dialogue on purification and sanitation between Marta Casao, head of Purification and R&D&I of Zone I, and Alejandro Maceira, partner of iAgua. The company also participated in a session on Reuse through Zouhayr Arbib, head of Sustainability in the Innovation and Technology department. Finally, the 'Top Executive Roundtable' brought together some of the main executives from Acciona, Gestagua, Miya Water, Almar Water Solutions, Schneider Electric and Aqualia, which was represented by Santiago Lafuente, director Spain.

As part of this event, the **iAgua 2020 Awards** were presented, in which **Aqualia** was awarded "**Best Company of 2020**" by the readers and followers of iAgua magazine, the leading media in the sector in Spain and Latin America. Aqualia came first, ahead of other candidates such as Acciona, Schneider Electric, Ídrica and Hidroconta. This is the fourth time (2015, 2017, 2019 and now 2020) that Aqualia has received this recognition as the most representative entity in the sector.

The company was also present at the **National Environmental Congress, CONAMA 2020**, the first major event held in person (with a year's delay due to the pandemic), which brought together the main players in the environmental sector. The Minister for Ecological Transition, Teresa Ribera, opened the Congress, which included the participation of Aqualia's representatives in various sessions. One of them was Juan Pablo Merino, Director of Communication and CSR, who took part in the debate on communication in the COVID-19 health crisis of essential environmental services.

In the last half of 2021, certain events have been resumed, most of them in hybrid format, face-to-face and *online*. One of them was the informative breakfast with the Mayoress of Jerez, Mamen Sánchez, as the protagonist. Félix Parra, CEO of Aqualia, accompanied the mayoress during her speech.

Another important milestone in terms of communication was the presentation of the **5th Aqualia Journalism Award**, which was held in June on the occasion of World Environment Day. A total of 65 journalistic works from audiovisual, print and digital media were submitted to the fifth edition of the competition, a record number since the launch of the competition in 2016. Over the five editions of the Award, 230 journalistic works have been submitted and 175 authors from 133 media outlets have participated.

"A la caza de un rebrobrobrode del coronavirus en las aguas residuales de Salamanca" published by journalist Rosa María Domínguez in La Gaceta de Salamanca was the winning entry. The report addresses the common challenge of researchers and water management companies to detect traces of COVID-19 in wastewater. Félix Parra, CEO of Aqualia, presented the award at a ceremony held at the headquarters of the Madrid Press Association (APM) in front of a small number of attendees, in compliance with the health and safety measures established by the administrations. The event also featured a speech by Nemesio Rodríguez, president of the Federation of Spanish Journalists' Associations (FAPE), who reflected on the journalism-water binomial.

In July, the **Technological Centre of Dénia (Alicante)** and the project for the fully digital management of the Municipal Water Service of this town were presented, which allows 571 million data to be captured and analysed per year and to transform them into benefits for the City Council and the users. It is a digital control centre, a pioneer in the services managed by Aqualia in Spain, which unifies all the management of the integral water cycle on a single platform.

From the associative point of view, one of the company's major milestones was the support and dissemination of the **1st European StepbyWater Conference**, held on 21 April. Félix Parra, president of the StepbyWater alliance and CEO of Aqualia, opened the Conference with a speech in which he pointed out the need to consider water as a strategic axis for the recovery and promotion of a more social and sustainable economy. The event was attended by the EU Commissioner for the Environment, Oceans and Fisheries, Virginijus Sinkevičius, the Minister for Ecological Transition and the Demographic Challenge, Teresa Ribera, MEPs Clara Aguilera and Juan Ignacio Zoido, and sustainability managers from public institutions and private companies that are members of StepbyWater.

To close the year, Aqualia's headquarters in Las Tablas (Madrid) hosted a new meeting of the StepbyWater Alliance (SbW) on 15 December. The meeting, which was held in a hybrid face-to-face-online format, was attended by representatives of 20 allied entities and served to define the Alliance's action plan for 2022.

The development of new solutions aimed at optimising the management of the integral water cycle, which contribute to decarbonisation and a circular economy, attracts a great deal of media attention. Thus, the initiatives developed by Aqualia to disseminate the milestones of its **innovation** activity have been a communicative success. An example of this is the presentation of the biofactory at the wastewater treatment plant in Guijuelo (Salamanca). This facility treats waste generated by the agri-food industry together with sludge from the plant and transforms it into energy, biofuels, bioplastics and biofertilisers. On 16 September, the biofactory was presented in an on-site event, which was also broadcast in *streaming* for more than 200 spectators, with the participation of all the agents involved in the project, from representatives of the City Council to companies and industrialists and producers in the area who benefit from the resources generated by this innovative plant.

Another important milestone took place in Talavera de la Reina (Toledo) on 30 November, when the president of the regional government of Castilla-La Mancha, Emiliano García-Page, inaugurated the Life INText project facilities at the town's wastewater treatment plant. The event was also attended

by the mayoress of the town, Tita García, and the Spanish director of Aqualia, Santiago Lafuente. Numerous local and regional media attended the event and reported the news through their channels and social networks.

Aqualia's performance in **relations with the media**, following the strategic lines of the PCOM, has been reflected in different collaborations with local, regional and national media and with professional associations. In this regard, the collaboration between Aqualia and APIA, the Association of Environmental Information Journalists, stands out for the 14th Environmental Journalism Congress, held in Madrid on 22 and 23 November under the title "A question of global health". The alliance between the two entities reinforces Aqualia's role as a qualified source in the dissemination of content related to the integral water cycle in order to offer rigorous information from a technical point of view.

Also in the field of local information, some actions stand out, such as the management of communication prior to and during the cold wave and the "**Filomena**" storm, which in January affected services in the provinces of Toledo, Ávila and Madrid particularly severely. In Almeria, the official presentation of the **Mar de Alborán** (Almeria) desalination plant project, owned by Aqualia, was made to the media and the public administration. In Vigo, the symbolic act of laying the "first stone" of the city's new Drinking Water Treatment Plant (DWTP) was held. **The new customer service offices in Oviedo** have marked the new style of the company's offices.

In the **international sphere**, the communication work has been marked by the development of an **ad hoc Communication Plan for Colombia**, which includes the definition and establishment of objectives and the strategy and action plan for their achievement and analysis, with the main emphasis on the implementation and consolidation of the brand image and services in the areas where Aqualia has been providing integral cycle services since last year. The special emphasis on communication in Colombia is due to the obsolete state of the water infrastructures and the delicate social and media situation involved in the management of water resources, especially in the municipalities of Sahagún and Planeta Rica, in the district of Córdoba.

In Mexico, active listening and preparation of communication material has been carried out for the operation of the **El Realito aqueduct**, a water infrastructure that carries water from the El Realito dam (located on the Santa María river in the north of the state of Guanajuato) to the San Luis Potosí metropolitan area (ZMSLP).

In addition, information was prepared and disseminated on the new water supply management contracts for the Jizán industrial complex (Saudi Arabia) and the improvement of the water supply network in Los Cabos, the main tourist area in Baja California (Mexico).

During this year, the case studies of New Cairo (Egypt) and El Realito (Mexico) carried out by the **United Nations Centre-IESE PPP for Cities** have been recognised with honourable mentions by UNECE (United Nations Economic Commission for Europe) within the *top 20* worldwide in terms of public-private partnerships since 2016. Both projects have been mentioned as *Building-Back Better* Projects for their contributions to post-pandemic reconstruction by an international jury of this multilateral organisation at its *5th UNECE International Public-Private Partnerships Forum 2021*.

### 9.1.3. Digital Communication

From the beginning of the pandemic, Aqualia adopted a contingency plan that included communication and the promotion of the use of telematic customer service channels, grouped under the name Aqualia Contact. One year later, in April, a balance has been made and the result is more than significant: at the end of 2021, the [aqualia.com](https://www.aqualia.com) website had registered 2,628,603 visits.

Social networks (SSR) are an environment where everything is connected and where competition takes place today. It is the place where the main operators of the urban water cycle and all the company's stakeholders are present and interact. Given this scenario, Aqualia has launched an ***Employee Use and Participation Manual on social media with the*** aim of maintaining control of the official channels and the activity of our employees in relation to the Aqualia brand on social media, ensuring compliance with both the *Code of Ethics and Conduct* and the company's *Brand Manual*.

In **social networks**, the number of followers has grown notably throughout the year: more than 400 new followers on Twitter (6.546 in total) and more than 400 on 8.000 LinkedIn (25,833 in total). Aqualia's YouTube channel has more than 1.8 million views and has grown in subscribers up to 2.880.

During 2021 the new [website of the mixed company Aguas de Guadix](https://www.aguasdeguadix.com) became a reality. The migration of all the contents and applications of this website by the IT department has been carried out under the corporate image of Aqualia.

On the other hand, the mixed company Aguas de Ubrique needed to have its own website to host its contracting profile for public tenders. Together with the IT department, the website [www.aguasdeubrique.com](https://www.aguasdeubrique.com) has been created.

On an international level, the **French version of the [aqualiaeduca.com](https://www.aqualiaeduca.com) website** has been adapted and launched. Under the name [aqualiacademie.fr](https://www.aqualiacademie.fr), this adaptation to the French language and context is a powerful training tool on water management and an interesting platform for raising awareness of the value and importance of this resource.

### 9.1.4. Internal Communication

The situation caused by the pandemic has elevated internal communication to a status of the utmost importance, due to the need to transmit all types of information to all of Aqualia's staff through the different channels and formats available, both *online* and *offline*. During the year, 169 information flashes and 86 emailings were sent by *email*, in addition to another 42 communications from the Be Aqualia app.

Aqualia has renewed its **certificate as a Family Responsible Company (EFR)**, which it has held since 2017, for the period 2021-2023. In its audit report, AENOR highlights the progress made in communication regarding the work-life balance issues affecting the company.

On the other hand, since the launch of the **Employee Assistance Programme (PAE)** in December 2019, the Communication and CSR and People and Culture departments have worked in a coordinated manner to promote its use among employees. This is a free psychological care service that the company makes available to the entire workforce in Spain. It can be accessed by telephone or via the "My psico" app, and is available 24 hours a day, every day of the week.

In the framework of the EAP Programme, a series of webinars (psycho-educational campaigns) focusing on emotional health have also been coordinated throughout the year, with one thematic event per month. The campaign, for Spain only, kicked off with the theme "Guidelines for dealing with pandemic fatigue". These actions are communicated via email and the Be Aqualia app, thus promoting the use of the app among employees.

In 2021 Aqualia launched two campaigns aimed exclusively at the internal public: [Be International](#) and "i4U", the first Aqualia Innovation Awards. The first, driven by the People and Culture department of the International Area to promote the expatriation of internal talent to other countries where Aqualia has offices. The aim is for expatriates to share their own knowledge and experience of Aqualia with other local colleagues.

On the other hand, the 'i4U' **First Aqualia Innovation Awards** seek to capture innovative and transformative ideas focused on sustainability through the participation of all the company's employees, under the slogan "For a world driven by innovation, for you, Aqualia's professionals, and for the benefit of society as a whole".

On 7 July, the Communication department organised, together with UGT, an **event to thank the workers** in the sector. In front of an audience made up of union delegates and company managers and staff, Pepe Álvarez, General Secretary of UGT; Pedro Hojas, President of AGFITEL and General Secretary of UGT FICA; and Félix Parra, CEO of Aqualia, spoke. Afterwards, representatives of political parties (PSOE, PP and Podemos) debated on "Blue and Green Employment" as a commitment to the future. Gustavo Vargas, secretary of the Energy and Water Sector of UGT FICA, brought the event to a close.

It is also worth highlighting the organisation of a special event for the families of Aqualia's Customer Service Centre (CAC), as part of the company's EFR (Family Responsible Company) plan. The *Family Day* consisted of a visit to the Estiviel wastewater treatment plant in Toledo, where parents and children were shown how the plant works. Afterwards, the group took part in a treasure hunt with various educational tests in which they learned about the water cycle and how to take care of it. The thirty participants rated the organisation of the event very positively.

## 9.2. Marketing

The Communication Plan (PCOM) for the year 2021 is articulated around the decade for action "Water for Sustainable Development" with the Sustainable Development Goals (SDGs) as the central axis of the new strategic umbrella. Getting citizens to perceive Aqualia as a company that adds value to their

municipalities has been one of the objectives established in the PCOM 2021 and has marked the actions developed throughout the year.

During the first quarter of the year, the success of another campaign launched during the previous year was consolidated. **The "H2Ohh!" advertising campaign** by Aqualia and the Vigo City Council was recognised at the 27th edition of the *Galician Advertising Awards* in the radio category.

For yet another year, and with the aim of highlighting the daily work involved in bringing water from nature to the tap and returning it to the natural environment in optimum conditions, Aqualia has launched a new edition of its **Digital Children's Drawing Competition** on the *microsite* [www.aqualiayods6.com](http://www.aqualiayods6.com). Participation this year has increased by 58% compared to last year, which demonstrates the full consolidation of the initiative and the involvement of schools, families and children in this educational tool. In total, [www.aqualiayods6.com](http://www.aqualiayods6.com) has received 10,450 works, providing 5,966 hours of training and entertainment (+57% compared to last year). The increase in the number of sessions registered on the website is along the same lines, with 60% more than in the previous edition, reaching 42,969, during which children have been able to complete their canvas, as well as learn much more about the SDGs.

In October, Aqualia's Digital Children's Contest was recognised as the "Best Integrated Communication Strategy" at the XII Edition of the **Corresponsables Iberoamerica 2021 Awards**. Juan Royo, from CulturaRSC.com, presented the award to Juan Pablo Merino, Aqualia's Director of Communication and CSR, at a ceremony held at the Ministry of Labour and Social Economy.

These initiatives are an example of Aqualia's contribution to education and support for academic institutions and public administrations to provide quality education for all. SDG 4, "Quality Education", is of cross-cutting importance in the achievement of the 2030 Agenda, and is one of the most effective tools for improving the quality of life of people and the environment. **It is worth highlighting the wide participation of the Colombian public, both internal and external, in both competitions.**

Also during 2021, work was carried out to reinforce the perception of Aqualia as a glocal company (global management with a strong local commitment), a local company that provides local and at the same time international value, permeable to new cultures. Thus, the company has been present at strategic events and forums of international importance. Among these, Aqualia's original participation in the first **Digital Congress of the Spanish Association of Desalination and Reuse (AEDyR)** stands out. On this occasion, the company presented, in an entertaining format similar to a videoconference, a video compilation of all its R&D&I activity.

On the occasion of World Sanitation Day (19 November), an informative event was held in Oviedo's Town Hall square. A tent was set up with different technical and technological elements that the service uses for its sanitation and sewerage maintenance work in the municipality, as well as different tests and "experiments" related to this service: an inspection robot, samples to see the degradation of different compounds in the water, screens with explanatory videos on sanitation and purification, *roll ups* of the #nolotires campaign, and different *merchandising* elements.



In the international arena, Aqualia, together with its French subsidiaries SEFO and CEG, participated in the *Salon des Maires et des Collectivités Locales* (SMCL), held in Paris between 22 and 24 November. The event was dedicated to municipal services with a broad perspective that included sectors such as the environment, sustainable transport, water treatment and smart services.

On the other hand, in Peru, Aqualia's participation in Expoagua has been coordinated within the round table "Contributions to forge an education and culture of water valuation". Aqualia was invited to participate in this event by SUNASS (regulatory body of the sector in Peru) following the news published in iAgua about the awarding of the Corresponsables Prize for the Best Communication Strategy for the Children's Drawing Competition.

Educativa Sunass 2021 has been an institutional event aimed at the educational community in general, mainly directors, teachers and students of all levels (pre-school, primary, secondary), of regular, special and alternative basic education. The round table we organised and chaired was entitled "Caring for water. A 360° communication action". Raquel López, representing the Marketing and CSR department, was accompanied by Arturo García, head of Aqualia's service in Talavera de la Reina, together with the headmistress of the Hernán Cortés school in Talavera and Sergio De la Llave, councillor of Talavera City Council.

### 9.3. Corporate Social Responsibility (CSR)

Aqualia understands CSR as a cross-cutting element in its business model. Thus, economic profitability and competitiveness are integrated with the social and environmental factors of its surroundings, which are so important both for the future of its business and for contributing to sustainable development.

The climate emergency and the health crisis have marked the beginning of the decade. During the first months of 2021, Aqualia implemented the **2021-2023 Strategic Sustainability Plan**, aligned with the company's strategy and the 2030 Agenda. The Plan establishes the lines of action and proposes specific initiatives aimed at maximising Aqualia's contribution to sustainable development, including risk mitigation, given the relevance that a "water crisis" such as the one contemplated by the *World Economic Forum* in its annual report on global risks could have.

The definition of the Plan is based on the strategic materiality analysis that Aqualia carried out in 2020, where the expectations of the company's internal and external stakeholders were identified and prioritised, as well as the SDGs to which Aqualia should contribute. The conclusions of this work led to a SWOT analysis that is the starting point for the development of the Strategic Sustainability Plan 2021-2023.

This Plan marks the route for progress in Aqualia's purpose: to ensure the well-being and progress of the people and communities in which it works by providing a public service, the sustainable management of water. Guaranteeing the universal/local right to water with pride and commitment.

### 9.3.1. Sustainability Report

Aqualia's [2020 Sustainability Report](#) places the conversation with citizens and the rest of the stakeholders at the centre of the conversation in order to continue to make progress in the fulfilment of the 2030 Agenda, one of the company's main commitments. Under the title [#Conversa](#), this year's report is a continuation of the listening process initiated in 2019, when an in-depth analysis of strategic materiality and active listening to more than 18,000 people was carried out. The company points to dialogue and collaboration with all social agents as the two pillars on which to respond to the new post-pandemic challenges and to continue contributing to the Sustainable Development Goals (SDGs), which have been present in Aqualia's strategy for years.

*"2020 has been a very complicated year in which we have had to deal with the health emergency without neglecting the climate emergency, which occupies and worries citizens and institutions so much",* explains Félix Parra, CEO of Aqualia, in the [interview that opens the Report](#). In it, the chief executive emphasises the work carried out by the workers, designated as an essential group during the pandemic. *"They have always shown that they have a great vocation for public service; and today we can say that, thanks to that spirit, we have managed to respond to one of the greatest challenges humanity has ever faced",* the CEO emphasises.

Aqualia's Management System Policy establishes, among its principles of action, the achievement of the Sustainable Development Goals. These are also a reference framework for the definition of a Strategic Sustainability Plan that determines the SDGs to which it will contribute and integrates quantification and reporting. In the audit report issued by AENOR in the **certification process of the Sustainability Strategy and its contribution to the SDGs**, the certifying body highlights the integration of the different management systems in Aqualia's international policy as a strong point and points out how the company's activity contributes to the achievement of the SDGs. AENOR particularly highlights initiatives such as Aqualia's internal and external Communication Plan for the dissemination of the SDGs, through projects such as #StepbyWater, the campaign [www.compromisoreal.com](http://www.compromisoreal.com) and the educational website [www.aqualiaeduca.com](http://www.aqualiaeduca.com).

These efforts are reflected in the *"Environmental, Social and Governance ESG Vulnerability Score 100 Utilities"* report prepared by the risk rating agency Fitch on the vulnerability of the utilities sector, considered the 'world ranking of sustainability'. This index assesses the companies best positioned to face a sustainable transition, measuring their level of risk for financial credit ratings according to environmental, social and governance (ESG) factors.

There are 100 companies analysed in this report, dominated by European companies, among which Spanish companies have the best scores. Aqualia and FCC Medio Ambiente are two of the companies that appear in an excellent position. **Aqualia's Sustainability Reports, which have been published since 2006, reflect the value that the company places on environmental, social and corporate governance factors, which are those analysed by the Fitch report.**

### 9.3.2. The Strategic Sustainability Plan 2021-2023

**Aqualia's 2021-2023 Strategic Sustainability Plan** has been designed to place the company in a position to overcome its weaknesses and enhance its strengths, so that it is able to avoid threats and make the most of the opportunities. Work has been carried out on the strategic lines that make up the Plan, to establish the projects and actions necessary to achieve the objectives of each one, as well as the definition of the corresponding performance indicators.

In November Aqualia presented its Strategic Sustainability Plan 2021-2023, in which sustainability is integrated as a transversal and implicit aspect. The document integrates the commitment to sustainability through measurable and quantifiable objectives that allow its contribution to the 2030 Agenda to be known. This new roadmap, approved by the Management Committee and the ESG Committee for the next three years, has been drawn up by the Corporate Social Responsibility department together with the teams involved and includes the perspective of all stakeholders, previously consulted in an active listening process with the participation of 18,000 people.

To publicise this document, the company activated a dissemination plan aimed at both employees and external audiences. A press release was sent to the media and news agencies and disseminated through the company's social networks and digital channels. Internally, the Plan was communicated through an information flash. Face-to-face training sessions are planned for 2022 in Aqualia's branches in Spain.

The strategic lines are:

01. Strategic communication.
02. Climate emergency and environmental care: mitigation, adaptation to climate change.
03. Technology for integrated management.
04. People management.
05. Ethics and *compliance*.
06. Social impact.
07. Strategic alliances.

### 9.3.3. CSR Actions

Aqualia is committed to proximity and closeness to the communities in which it operates and where it carries out its activities.

At the local level, in Almeria, this summer Servicios Hídricos held an event to thank the irrigators who support the **Mar de Alborán** project and who have expressed their desire to receive water from the desalination plant when it comes on stream. Some 60 representatives of irrigation communities and the company met to discuss the progress of the project, update dates, resolve doubts and present the experienced team of professionals chosen to manage it. Thanks to the 20 cubic hectometres per year that the desalination plant will provide, it will be possible to manage the water from the wells more rationally, and this will make groundwater recovery possible.

Finally, on the occasion of the sixth anniversary of the Sustainable Development Goals, which is celebrated on 25 September, Aqualia launched the **#supporttheSDGs** campaign involving its 10,525 employees worldwide. The aim was to disseminate the SDGs among its stakeholders and raise awareness of the "Decade of Action". Twelve employees acted as a loudspeaker for the rest of the workforce and starred in six videos in which they

All these videos have also been disseminated on social networks with the *hashtag* [#supporttheSDGs](#) and, in addition, on the occasion of this sixth anniversary, Aqualia created a [new space on its website aqualia.com](#) where it compiles, with multimedia elements adapted for all audiences, information of interest about the SDGs and the six main measures to advance in the specific fulfilment of SDG 6, one of the pillars of the 2030 Agenda.

In line with the promotion of initiatives aimed at mitigating and adapting to climate change, Aqualia, in collaboration with the Autonomous University of Madrid Foundation (FUAM), initiated a two-year project that seeks to develop **innovative technologies for the early warning and efficient elimination of toxic cyanobacteria in water supplies**. The **agreement signed between the company and the UAM has as its ultimate goal the technological transfer of the results obtained in the research project**. In Spain, *blooms*, or uncontrolled growths of cyanobacteria, are a frequent phenomenon, estimated to affect more than 30% of the country's reservoirs on a regular basis (Quesada et al., 2004; Wörmer et al., 2011).

In addition, linked to the dissemination of the company's innovative actions, Aqualia presented the **Deep Purple project in Linares (Jaén)**, in an event where the mayor, Raúl Caro-Accino, and the director of Aqualia's delegation in Jaén, Jose Colomina, presided over the signing of the agreement by which the town council cedes the necessary space in the current treatment plant, next to the Córdoba-Valencia road, for the construction of a demonstration plant for the "Deep Purple" project.

With the ultimate aim of improving the quality of life of citizens, Aqualia presented the **H2020 NICE project in June**, which aims to demonstrate the feasibility of using natural systems such as green walls and roofs, infiltration gardens, artificial wetlands and sustainable drainage in cities, integrating them into the urban water cycle and the architectural landscape of large cities.

Among the eleven pilots to be developed in different European cities, an artificial wetland will be installed in **Algeciras** to treat and reuse rainwater as part of the Lago Marítimo municipal project. *Demos sites* of the project will also be implemented in Vigo (Pontevedra), Talavera de la Reina (Toledo), Benalmádena (Málaga) and Madrid. This project represents a further step by Aqualia in the

development of initiatives that contribute to protecting environmental resources and preserving biodiversity and ecosystems in the territories where it provides services, aligning its activity with the United Nations Sustainable Development Goals. In this case, specifically, H2020 NICE has a direct impact on SDG 12 "Sustainable Cities and Communities" and SDG 15 "Life of Terrestrial Ecosystems".

On the other hand, and in its commitment to transfer Aqualia's culture and ethical values and *compliance* to the entire organisation and the supply chain, and together with the principles of action that appear in the Code of Ethics and which are articulated around three axes: honesty and respect; rigour and professionalism; loyalty and commitment, linked to CSR and the strategic line of exemplary performance, Aqualia has developed a multitude of actions during 2021.

In this context, Aqualia contributed to the **objectives of equality and diversity** with different initiatives in 2021. Of particular note are the awareness campaigns developed to celebrate International Women's Day (8 March). Under the slogan "**Who is behind the Management of the Integral Water Cycle... Them too**", this year Aqualia wanted to recognise the role of water professionals and give them the prominence they deserve, highlighting the work of women. The company set up the website [www.aqualiaidgualdad.com](http://www.aqualiaidgualdad.com) so that employees, professionals in the sector and the general public could share their photographs and messages in support of gender equality, with the *hashtag* #AqualiaIgdualdad.

On the occasion of this Day, a corporate press release was launched informing about the aforementioned campaign, the participation in [the 8th edition of the #EmpleoParaTodas report](#) and other actions that Aqualia carries out in favour of equality. Messages were also disseminated on social networks, with an impact of 21,480 impressions on Twitter (number of times users saw the tweet on Twitter) and impressions 6.325 on LinkedIn. Internally, Aqualia organised a virtual meeting with Matilde Fernández, former Spanish Minister of Social Affairs and honorary member of UNHCR. Around 200 employees from all territories participated in the event.

It also promoted the celebration of the Day against Gender Violence (25 November). Under the slogan "Take the leap", the company invited all citizens to take part in the challenge to equal, by jumping, the height of the largest waterfall in the world: Angel Falls, a waterfall with a drop of one kilometre. To take part, you had to share a photo of yourself jumping on the website [www.aqualiacontigo.com](http://www.aqualiacontigo.com) and share it on Twitter with the *hashtag* #AqualiaContigo. The massive response to this year's campaign has meant that administrations from different localities and various countries, with their mayors and councillors at the head of citizen participation, have joined the proposal, making it their own.

On the other hand, in order to contribute to reducing the problems faced by refugees, Aqualia, in collaboration with the Spanish UNHCR Committee, has launched a new edition of its campaign [www.sedsolidarios.com](http://www.sedsolidarios.com). Through this initiative, Aqualia collaborates in the water and sanitation programme of the Spanish UNHCR Committee in the **refugee camps in Chad**, which host 368,781 people from Sudan. The programme is materialised in the maintenance and repair of water points for the particularly vulnerable population;

In May 2021, Aqualia signed up to the [#CEOPorLaDiversidad](#) alliance, personalised by its CEO and Managing Director Félix Parra. The initiative is a pioneer in Europe and is led by the Adecco Foundation and the CEOE Foundation.

Aqualia has also renewed its commitment to the **Diversity Charter** that it has held since 2018. This is the European charter of principles signed voluntarily by numerous companies and organisations in Spain to highlight their commitment to diversity and inclusion in the workplace.

In addition, during 2021, the **different initiatives** have continued to **guarantee access to the drinking water and sanitation service for those citizens who cannot afford to pay the water bill for economic reasons and for reasons of social exclusion**. Thus, services such as Chipiona (Cádiz), Llagostera (Girona) and Novelda (Alicante) are some examples of this initiative that Aqualia intends to extend to almost all the towns where it operates. The aim is to ensure that no citizen is deprived of the domestic water service for economic reasons, always in collaboration with the service holder (city council) and its social services.

After several years of collaboration in different research projects, the fruitful relationship between **Aqualia and the University of Almeria** has culminated in the creation of the **Aqualia Chair of the Integral Water Cycle**. The agreement was signed for a period of two years, extendable for a further two years, and focuses its objectives on research into the application of solar energy in the different processes of the water cycle. The teaching and research tasks of this initiative aim to align with the UN Sustainable Development Goals, prioritising research that can contribute to achieving them. With its creation, Aqualia contributes directly to SDG 6, which guarantees the availability and sustainable management of water and sanitation, and to SDG 17 in the search for partnerships between institutions and companies.

Among other actions developed throughout 2021 with a high social impact is the **SOS Gorriones project in Jerez de la Frontera (Cadiz)**, where the company Aquajerez, Aqualia's subsidiary in the city of Cadiz, has signed an agreement with the environmental association Faunatura to carry out a project to help repopulate sparrows in the urban and peri-urban area of Jerez. Wooden nest boxes will be made in collaboration with associations for the disabled, schools and the elderly in the city. These nests, which carry a brass plate with the Aquajerez logo, will be installed in trees in schools in the city next to bird feeders.

## 10. REGULATORY COMPLIANCE

Among the objectives of the Compliance Division for 2021 is the continuation of the extension of the Compliance Model in some investee companies within the international activity, thus continuing with its implementation, especially in the MENA area where work is being done to reach agreements with partners in this area.

It should be noted that 2021 has been the year of the international expansion of the Compliance function, as local Compliance Officers have been appointed in America, the Czech Republic, France and Portugal, all of them with a functional dependence on Aqualia's Chief Compliance Officer.

During 2021, the FCC Group implemented the supplier approval system, which is initially being developed for the activity in Spain. Depending on the risk initially determined for the Compliance area, a reinforced due diligence may be required to verify the warning signs that may arise during approval.

Following the approval of the Compliance Risk Assessment Procedure, the methodology for carrying out this criminal risk assessment was determined, which enabled it to be updated in the first quarter of the year.

Two self-assessments were carried out during the year by the control and process owners to verify the execution of the controls aimed at mitigating Compliance risks, which were subsequently monitored by the Compliance Function through sampling to detect gaps and find possible improvements in the system. From the third line of defence, FCC's Internal Audit carried out a review of the Compliance Model to verify its correct development and proposed recommendations aimed at its continuous improvement.

### **10.1. Compliance policies and procedures**

In 2021, the Compliance Risk Assessment Procedure (Compliance Department) was approved, which establishes the methodology for compliance risk analysis.

The Procedure for the selection and contracting of agents has also been approved as a development of the Agents Policy, which establishes the categories of agents with whom relations may be established and the suitability analysis to be carried out prior to any contracting of these third parties.

In addition, the following procedures have been updated which have an impact on the Model and on the controls aimed at mitigating compliance risks:

- Sponsorship and donation management and control procedure (Communication and CSR Department)
- Personnel Selection Procedure (National and International) (People and Culture Directorate)
- National and International Purchasing Procedure (Purchasing Directorate)
- Cash Management Procedure (Economic Directorate)
- Procedure for the generation of the purchase order/receipt of delivery note in SAP (Economic Directorate).
- Procedure for the Management of Contracts (Economic Directorate).
- Procedure for Incidents in the quality of water for human consumption (Operations Management).

Work has been done on updating the Compliance Due Diligence Procedure for third parties to extend due diligence analyses to private clients, to suppliers identified as requiring enhanced due diligence during the supplier approval process and to M&A processes.

The FCC Group has also updated both the Selection Policy (FCC Human Resources Department) and the Supplier Management Procedure (FCC Purchasing Department), which includes the approval of suppliers by subject, including Compliance.

## **10.2. Training and awareness-raising**

As a fundamental part of the development of the Compliance Model, a training plan has been established for the year 2021 that has enabled online courses to be held through Campus FCC, extending its reach to the international sphere, as in the case of the employee training courses on the Code of Ethics and Conduct that have been developed, adapted to each language, in Portugal, the Czech Republic and France. Likewise, through Campus FCC, online training was given on "6 keys to a smooth bidding process" for key employees who participate directly or indirectly in bidding processes.

All new employees who have joined Aqualia (in the national activity), who had online access, have been invited to the training on the Code of Ethics and Conduct that can be followed on Campus FCC. Acque di Caltanissetta also provided this training in person for new employees.

As a complement, and due to the restrictions imposed by COVID-19, digital platforms (Teams) have been used for training given directly to key employees, as in the case of the training given by the Chief Compliance Officer on the Code of Ethics and Conduct to the Top Management of Aqualia France, who attended from their work stations in the Andrésy offices (France).

For employees of the activity in Spain, Portugal, France, Italy, Czech Republic and Latin America who in their work may have a relationship with a public official, training was carried out in which the basic regulatory principles (Criminal Code and international standards: FCPA, UK Bribery Act, World Bank Integrity Guidelines) for the fight against corruption and bribery were included.

The new process and control owners have been provided with anti-corruption training which, in addition, explained the purpose and functioning of the Criminal Prevention Model adopted by the company.

In addition, a training session was held on the due diligence processes following the approval of the Due Diligence Procedure with third parties on compliance matters for all those employees who form part of the Communication and CSR department, the Legal Department and production departments who may have a relationship with business parties, as they must know what measures must be taken to align third parties with Aqualia's ethical principles and values before establishing relationships with them.

As part of the employees' awareness of Compliance, Compliance Tips have been periodically sent out by email, advice on the main Compliance policies, explaining, among other matters, what the Compliance system is, what a conflict of interest is, the gift policy, measures for the prevention and eradication of harassment, who forms the Compliance Committee and what its functions are, and the appropriate use of the Aqualia brand.



We also wanted to reach out to offline staff for national activities through the dissemination of Compliance Tips via the BeAqualia app.

It should be noted that based on the due diligences carried out on the business parties (third parties with which Aqualia establishes contractual relations), when a low compliance culture is detected in these analyses, the key employees of these third parties (who will maintain a relationship with Aqualia) are called for training on the Code of Ethics and Conduct and, in some cases, also on corruption prevention training to disseminate the Group's ethical principles and values and international anti-corruption standards.

### **10.3. Risk assessment and controls**

Based on the risk assessment carried out and the controls established to mitigate these risks, two certifications of the execution of controls by their control and process owners were carried out in 2021, in May-June and November-December. In both certifications, 100% of the control owners have self-assessed the execution of their controls, determining the evidence that the activity has been carried out and, therefore, the corresponding risk is being mitigated. Likewise, 100% of the process owners have verified the information provided by the owners of each control that make up the different processes.

Based on the information provided by control and process owners in the certification, the Compliance Directorate carried out an analysis which it passed on to the corresponding process owners to work on the improvements detected.

The subsidiaries Acque di Caltanissetta, SmVAK and Aqualia France have joined the process of self-assessment of the implementation of anti-corruption controls which took place between November and December 2021 and in which the activity carried out between May and October 2021 was verified.

In parallel to the certification process, the Compliance Department has monitored processes assessed by the control owners and reviewed by the process owners, analysing whether the risks are covered and highlighting the gaps detected, which have also been reported in meetings held with the process owners.

### **10.4. Compliance due diligence with third parties .**

During the year 2021, the Compliance Department has continued with the activities of analysis of Aqualia's third parties in terms of compliance, consolidating the application and knowledge by the entire organisation of the due diligence measures contemplated in the Procedure approved in June 2020, also through the convening of internal training courses on this matter aimed at the various requesting departments.

The assessment of third parties is carried out according to the principle of proportionality and a risk-based approach. Based on the identification of the different types of business parties (partners, agents, collaborators, single suppliers, etc.), the level of risk of the third party (high, medium or low)

is determined in the context of the project, the sector and the country in which the activity will be carried out. The scope of the analysis for the final risk assessment is established on the basis of the initial risk derived from the basic information provided by the requesting department and ranges from consulting sanctions lists to requesting a background check from the FCC Intelligence Department.

With regard to the scope of the due diligence measures, this year the Compliance Department is working on establishing the analysis criteria for Aqualia's private customers and, on the other hand, it has begun to participate in the supplier approval process, which is being carried out by FCC's Purchasing Department, providing the minimum requirements for the certification of the suitability of these third parties in terms of compliance.

As of 31 December 2021, due diligence has been initiated on 116 business parties identified in 45 projects. Of these 116 business parties, a final valuation report has been obtained for 71% of the total number of third parties; 8% correspond to projects that have been cancelled before the completion of the due diligence and 22% are still in the analysis phase. Of the final assessment reports issued by the Compliance Department, 23% of the third parties were classified as high risk, 57% as medium risk and 20% as low risk. Depending on risk levels, mitigation measures are applied.

### **10.5. Ethical Channel (*Whistleblowing line*)**

Up to 31 December 2021, a total of alerts 52 have been received in the Ethics Channel on issues related to customer management (21%), issues that may affect environmental damage (6%), labour conflicts between employees (4%), breaches of internal regulations (2%), occupational risk prevention (2%), harassment (2%) and considered not relevant because they are customer queries, complaints or claims that have to be managed through AqualiaContact (63%).

Those alerts that are classified as high or medium risk are analysed in detail and, if necessary, an investigation is opened to clarify the facts and, if necessary, their treatment by means of an action plan.

## **11. DIGITALISATION AND CYBERSECURITY**

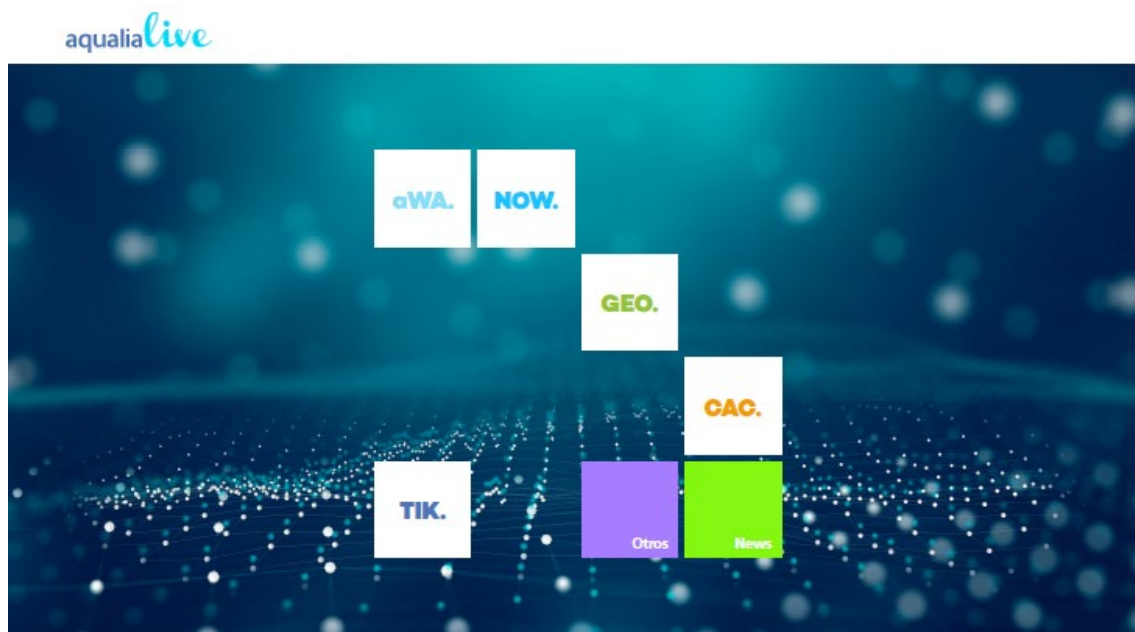
In recent years, Aqualia has made a clear commitment to digitalisation, as it is a key tool for meeting the various challenges of sustainability, reducing environmental impact and continuously improving customer service.

For this reason, at Aqualia, the journey of the digital transformation of the integral water cycle began a few years ago and is now a reality. Our work as a global water operator puts us in a privileged position to offer a comprehensive and flexible solution to the current and future problems of the service. And all this, always framed within the highest standards of cybersecurity.

New technologies are improving connectivity and therefore accessibility to relevant data (IoT), converting information into knowledge much faster (Big Data and Cloud Computing), as well as helping decision-making, management and process monitoring (AI/ML).

AqualiaLive, incorporates these technologies to offer a modular and integrated platform that allows the managers of the integral water cycle to have the most advanced tools for the most efficient and sustainable management of the process as well as providing the best service to citizens.

The platform is made up of independent and fully integrated modules to cover all management needs. The design of the platform is based on Aqualia's experience in the water sector and the use of the most advanced technology to benefit the management of the complete water cycle.



AqualiaLive includes all the necessary tools for the management of the complete water cycle:

- IoT - Management of connected devices (smartmeters, sensors, remotes, .... )
- Geographic Information System.
- Management of the complete life of the Assets (water treatment plants, wastewater treatment plants, desalination plants, supply and sanitation networks, etc.).
- Customer management, incorporating all channels of communication with the customer (office service, call centre, virtual office, app, etc.), as well as all back office processes (readings, invoicing, collections, etc.).

- Laboratory management and integration with certification bodies
- And of course the intelligent management of processes under aWA - Aqualia Water Analytics is the analytical platform for the intelligent management of the water cycle. Information from IoT devices, using BigData, Cloud Computing, Machine Learning and AI technologies.

### Continuous digitisation

Aqualia currently has two technology centres where innovative initiatives are designed, tested and their viability is verified, and finally, they are developed and industrialised for subsequent deployment in the rest of aqualia.

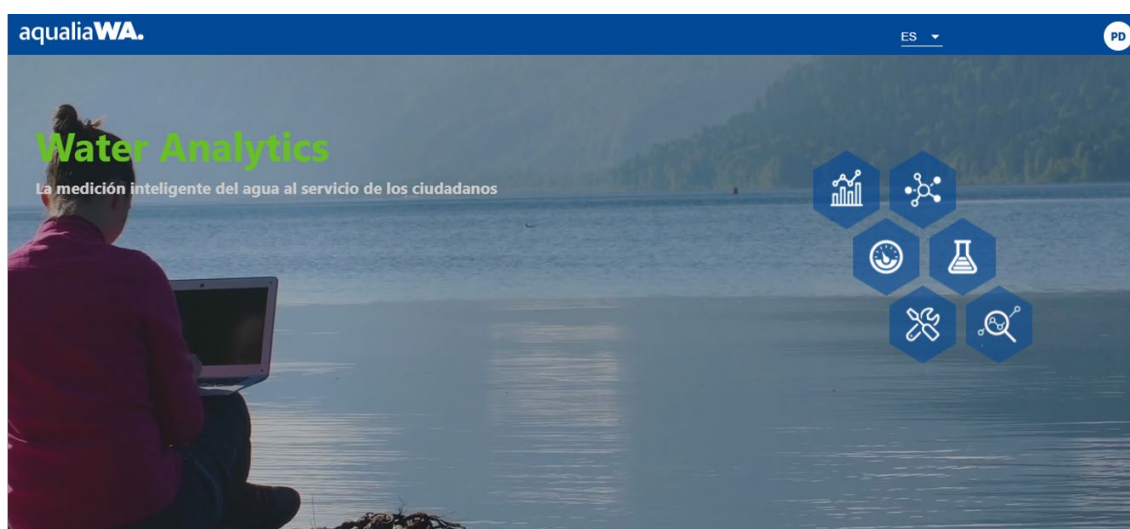
These two centres are specialised:

- Centro Tecnológico Toledo: specialised in the management of supply and sanitation networks.
- Denia Technology Centre: specialised in Smartmeters

### Toledo Technology Centre

Toledo is the city chosen to house Aqualia's **first Technology Centre**. It is the most advanced facility of its kind in the sector, a fully functional centre that allows centralised and online access to all Aqualia's information.

Aqualia Water Analytics was designed at the Toledo Technology Centre, which is the analytical platform for the smart management of the water cycle and forms part of the Aqualia Live platform. This platform captures information from IoT devices in the water cycle to convert it into knowledge and business intelligence through the use of BigData, Cloud Computing, Machine Learning and AI technologies.



This platform encompasses the complete data cycle from data capture in IoT devices, real-time processing, enrichment and transformation, and the generation of business intelligence, allowing the automation of processes and integration with the rest of the solutions that form part of Aqualia Live.

The platform is designed taking into account a plural ecosystem of connected devices, a plurality of communication technologies and a plurality of technological solutions in the field. In this way, aWA allows Aqualia greater adaptability and flexibility in prescribing IoT solutions according to the specific needs of each location.

aWA is the analytical tool that offers Aqualia a transversal analysis of the complete water cycle, allowing the analysis of OT and IT information, as well as external sources of information. All this within a secure framework following strict cybersecurity policies.

Applying AI/ML techniques, the AWA platform offers Aqualia's users tools for intelligent management, in an analytical environment designed to provide the best user experience.

The analytical platform is designed along three main axes:

- Geospatial analytics that allows the user to analyse through geo-positioning on maps that include navigation functionalities and interactive view of the data.
- Benchmarking analytics that allows the user to generate customised queries and analysis in interactive graphs
- Advanced analytics, through AI/ML advanced analytics tools are provided.

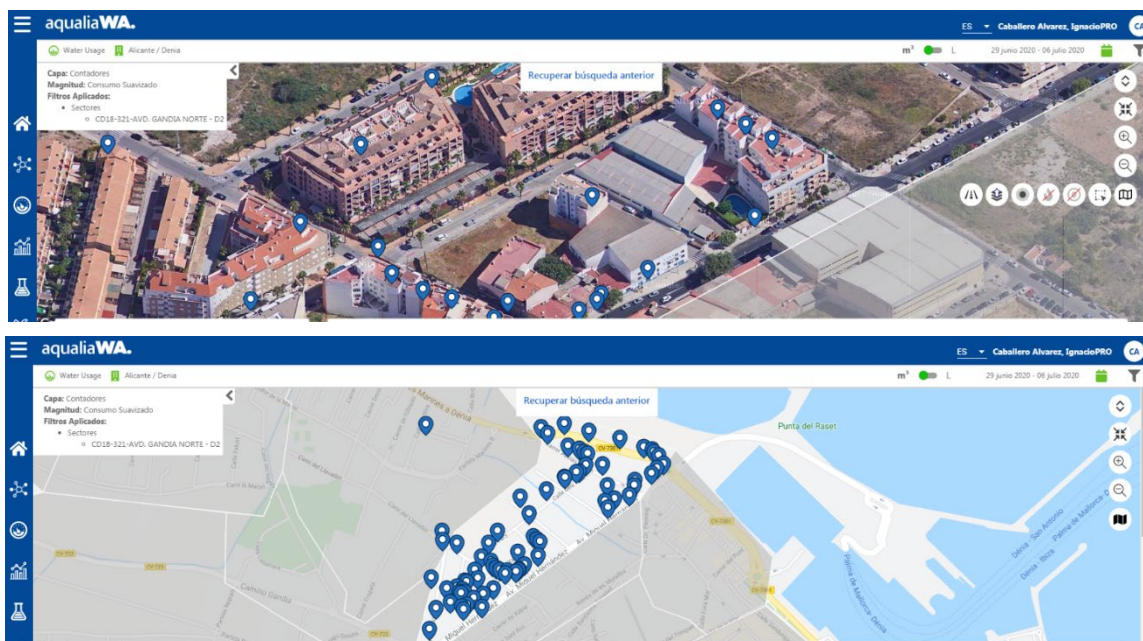
#### Denia Technology Centre

The municipality of Dianes is a national benchmark for its high rate of meters with remote reading (96% of the meters). This figure clearly exceeds the 16.7% penetration rate of remote metering that, on average, is found in the main cities of our country. In addition, Denia combines the most innovative communications technologies, LoRaWAN and NB-IoT (5G) and all of them are managed by Aqualia Water Analytics within AqualiaLive.

In addition to an innovative and efficient remote meter reading system, remote metering improves service management by allowing users to check their water consumption at any time. For this purpose, state-of-the-art technology is available, which allows detailed online access to information via Aqualia contact, Aqualia's app for water management by citizens.

This allows, among other things, citizens to have an interior leakage alarm system so that they know instantly if they are losing water when they notice a very high consumption. In this way, a solution to the leak is anticipated and the possibility of high consumption bills is reduced.

In addition to remote metering, the Denia technology centre also incorporates real-time monitoring of the urban water cycle, from catchment to sanitation. These data are available thanks to the sensors installed and distributed throughout the more than 500 kilometres of supply networks and other facilities.



## Digital Assessment

During the year 2021, McKinsey carried out a "digital opportunity assessment" of Aqualia. As part of this analysis, McKinsey assessed Aqualia's digital maturity, placing it above the average for utilities (electricity, gas and water companies).

## Cybersecurity

During the year 2021, the main cybersecurity initiatives have been the following:

- Identify and develop the necessary cybersecurity skills and knowledge in different areas and foster a culture of cybersecurity at all levels of the organisation.
- Implement and prioritise cybersecurity measures based on risk and threat analysis and with a focus on systems that support critical infrastructure and essential services.
- Establish mechanisms to monitor the state of cybersecurity in the different areas of the company and ensure compliance with applicable internal and external regulations.

## **12. OTHER INFORMATION**

The Group's exposure to financial risks is detailed in the accompanying notes to the consolidated financial statements (Note 23).

With regard to treasury share transactions, the Group has not carried out any treasury share purchase transactions, nor does it plan to do so in the future.

After December 31, 2021, the possible events that may have occurred are described in Note 24 of the accompanying notes to the financial statements.

The Company is included in the consolidated Statement of Non-Financial Information that forms part of the consolidated Management Report of Fomento de Construcciones y Contratas, S.A., and Subsidiaries. Said Statement of Non-Financial Information has been prepared considering the requirements established in Law 11/2018, of December 28, which amends the Code of Commerce, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of July 2, on Auditing of Accounts, in relation to non-financial information and diversity. The consolidated management report of Fomento de Construcciones y Contratas, S.A. and Subsidiaries is filed with the Mercantile Registry of Barcelona.

The Annual Financial Statements and Management Report of FCC Aqualia, S.A. for the year ended December 31, 2021, were prepared by the Company's directors on March 9, 2022, and are identified by the fact that they are printed on 90 sheets, on both sides, of State stamped paper series ON numbers 9690708 to 9690797, both inclusive, being signed, in proof of conformity, on the sheet of State stamped paper series ON number 9690798.

President

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D. Alejandro Aboumrad González

Vice-President

Member

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D. Nicolás Villén Jiménez

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D. Lars Bespolka

Member

Member

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D. Pablo Colio Abril

---

D. Scott Longhurst

Member

Member

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D. Gerardo Kuri Kaufmann

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Mr. Juan Rodriguez Torres