

**Audit Report on Financial Statements
issued by an Independent Auditor**

**FCC AQUALIA, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Directors' Report
for the year ended
December 31, 2022**



AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 28)

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

Opinion

We have audited the consolidated financial statements of FCC AQUALIA, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2022 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

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

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated 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.

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 consolidated financial statements of the current period. These risks were addressed in the context of our audit of the consolidated 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

Description One of the Group'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 consolidated balance sheet as at December 31, 2022 includes 117.241 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 Parent'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 December 31, 2022, 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.d)16, 2.d)17 and 12.a) of the accompanying consolidated financial statements.

Our response

In relation to this matter, our audit procedures included:

- ▶ Understanding the process designed by Parent'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 Parent'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 consolidated financial statements in conformity with the applicable regulatory financial reporting framework.

Other information: consolidated directors' report

Other information refers exclusively to the 2022 consolidated directors' report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements

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

- a. Checking only that the consolidated 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 consolidated directors' report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated 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 consolidated directors' report is consistent with that provided in the 2022 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company's directors for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

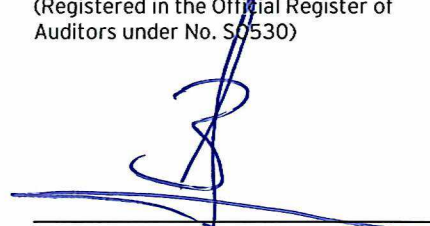
- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk 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 Group'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 directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the parent 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 directors of the parent company, we determine those that were of most significance in the audit of the consolidated 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 No. S0530)



Alfonso Balea López
(Registered in the Official Register of
Auditors under No. 20970)

March 17, 2023



**FCC Aqualia, S.A.
and subsidiaries.**



CONSOLIDATED FINANCIAL STATEMENTS

- Annual accounts

Consolidated balance sheet

Consolidated profit and loss account

Consolidated statement of comprehensive income

Consolidated Statement of Changes in Equity

Consolidated Statement of Cash Flows

Consolidated Annual Report

- Annex I: Fully consolidated subsidiaries
- Annex II: Proportionately consolidated joint operations.
- Annex III: Joint ventures accounted for using the equity method
- Annex IV: Temporary Joint Ventures
- Appendix V: Changes in the scope of consolidation

CONSOLIDATED MANAGEMENT REPORT



FCC AQUALIA, S.A. AND SUBSIDIARIES (CONSOLIDATED GROUP) CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022 AND 31 DECEMBER 2021 (in thousands of euros)		
ACTIVE	2022.12	2021.12
NON-CURRENT ASSETS	3.125.791	2.595.915
Intangible assets (note 4)	902.913	889.339
1. Concessions	795.395	791.536
2. Goodwill	85.305	85.305
3. Other intangible assets	22.213	12.498
Property, plant and equipment (note 5)	993.062	489.862
Land and buildings	131.817	87.592
2. Plant and equipment and other tangible fixed assets	861.245	402.270
Investment property (note 6)	2.560	-
Investments in associates and jointly controlled entities (note 8)	54.353	67.966
Non-current financial assets (note 10)	1.135.873	1.117.636
Deferred tax assets (note 19)	37.030	31.112
CURRENT ASSETS	829.779	1.107.069
Inventories (note 11)	41.528	34.218
Trade and other receivables	471.721	387.845
1. Trade receivables for sales and services (note 12)	367.633	307.491
2. Other debtors (note 12)	102.076	79.842
3. Current tax assets	2.012	512
Other current financial assets (note 10)	64.492	78.684
Other current assets	5.632	4.399
Cash and cash equivalents (note 13)	246.406	601.923
TOTAL ASSETS	3.955.570	3.702.984

The accompanying notes 1 to 27 and appendices I to V are an integral part of the consolidated annual accounts for the financial year 2022.



FCC AQUALIA, S.A. AND SUBSIDIARIES (CONSOLIDATED GROUP) CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022 AND 31 DECEMBER 2021 (in thousands of euros)		
LIABILITIES	2022.12	2021.12
SHAREHOLDERS' EQUITY (note 14)	977.656	810.664
Equity attributable to the parent entity	816.439	660.045
Own funds	782.702	676.101
1. Capital	145.000	145.000
Share premium and reserves	502.520	416.014
4. Profit for the year attributable to the parent company	135.182	115.087
Adjustments for changes in value	33.737	(16.056)
Minority interests	161.217	150.619
NON-CURRENT LIABILITIES	2.319.042	1.162.409
Subsidies (note 18)	37.291	38.719
Non-current provisions (note 16)	184.556	198.499
Non-current financial liabilities (note 15)	2.017.592	868.744
Bonds and other negotiable securities	648.284	647.924
2. Amounts owed to credit institutions	1.186.845	97.753
Other financial liabilities	182.463	123.067
Deferred tax liabilities (note 19)	65.836	52.867
Other non-current liabilities	13.767	3.580
CURRENT LIABILITIES	658.872	1.729.911
Current provisions (note 16)	14.377	13.961
Current financial liabilities (note 15)	68.376	1.189.076
Bonds and other negotiable securities	9.691	934.530
2. Amounts owed to credit institutions	16.111	213.588
Other financial liabilities	42.574	40.958
Trade and other payables	570.259	521.136
1. Suppliers	244.781	221.736
Other creditors (note 17)	317.874	291.512
Current tax liabilities	7.604	7.888
Other current liabilities	5.860	5.738
TOTAL LIABILITIES AND EQUITY	3.955.570	3.702.984

The accompanying notes 1 to 27 and appendices I to V are an integral part of the consolidated annual accounts for the financial year 2022.



FCC AQUALIA, S.A. AND SUBSIDIARIES
(CONSOLIDATED GROUP)
CORRESPONDING CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022 and 2021 (in thousands of euros)

	2022.12	2021.12
Revenue (Note 21)	1.323.155	1.169.450
Work carried out by the company on its assets (note 7)	37.957	25.826
Other operating income (note 21)	63.420	47.559
Change in stocks of finished goods and work in progress	-	147
Procurements (note 21)	(536.551)	(446.881)
Staff costs (note 21)	(345.103)	(316.011)
Other operating expenses	(192.658)	(181.179)
Depreciation of fixed assets (notes 5 and 6)	(148.923)	(123.875)
Allocation of grants for non-financial fixed assets and others	2.953	2.855
Impairment and gains/losses on disposal of fixed assets	2.789	2.638
Other results	(3.231)	789
OPERATING INCOME	203.808	181.318
Financial income (note 21)	39.447	36.927
Financial expenses (note 21)	(59.223)	(49.211)
Exchange rate differences	4.802	1.660
Impairment and gains or losses on disposals of financial instruments	404	(1.993)
FINANCIAL RESULT	(14.570)	(12.617)
Result of entities accounted for using the equity method (note 8)	2.575	2.815
PROFIT BEFORE TAX FROM CONTINUED OPERATIONS (note 19)	191.813	171.516
Income tax (note 19)	(35.525)	(42.860)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	156.288	128.656
CONSOLIDATED RESULT FOR THE YEAR	156.288	128.656
Profit attributable to minority interests (note 14)	21.106	13.569
PROFIT ATTRIBUTABLE TO THE PARENT COMPANY	135.182	115.087

The accompanying notes 1 to 27 and appendices I to V are an integral part of the consolidated annual accounts for the financial year 2022.



FCC AQUALIA, S.A. AND SUBSIDIARIES
(CONSOLIDATED GROUP)

CORRESPONDING CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AS AT 31 DECEMBER 2022 AND 2021 (in thousands of euros)

	2022.12	2021.12
Consolidated result for the year	156.288	128.656
Income and expenses recognised directly in equity	70.816	18.059
For cash flow hedges	5.733	5.109
Conversion differences	75.246	12.116
Actuarial gains and losses and other adjustments	23	208
Entities accounted for using the equity method	(6.952)	1.447
Tax effect	(3.234)	(821)
Transfer to the profit and loss account	-	-
Cash flow hedges	-	-
Entities accounted for using the equity method	-	-
Conversion differences	-	-
Total recognised income/(expenditure)	227.104	146.715
a) Attributed to the parent entity	184.747	125.702
b) Attributed to minority interests	42.357	21.013

The accompanying notes 1 to 27 and appendices I to V are an integral part of the consolidated annual accounts for the financial year 2022.



FCC AQUALIA, S.A. AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2022 AND 2021 (in thousands of euros)

	Social capital	Share premium and reserves	Profit for the year attributable to the parent company	Adjustments for changes in value	Equity attributable to the parent entity	Minority interests	Total Equity
	(Note 14)	(Note 14)	(Note 14)	(Note 14)	(Note 14)	(Note 14)	
Balance at 01.01.2021	145.000	366.033	109.664	(26.468)	594.229	132.491	726.720
Total recognised income/(expenditure)	-	353	115.087	10.263	125.703	21.013	146.716
Transactions with partners or owners	-	49.664	(109.664)	-	(60.000)	(1.189)	(61.189)
Dividend distribution	-	(60.000)	-	-	(60.000)	(1.198)	(61.198)
Other transactions with shareholders or proprietors (Note 14)	-	109.664	(109.664)	-	0	9	9
Other changes in equity	-	(36)	-	149	113	(1.696)	(1.583)
Balance at 31.12.2021	145.000	416.014	115.087	(16.056)	660.045	150.619	810.664
Total recognised income/(expenditure)	-	(228)	135.182	49.793	184.747	42.357	227.104
Transactions with partners or owners	-	86.398	(115.087)	-	(28.689)	(24.992)	(53.681)
Dividend distribution	-	(30.450)	-	-	(30.450)	(17.923)	(48.373)
Other transactions with shareholders or owners (Note 14)	-	116.848	(115.087)	-	1.761	(7.069)	(5.308)
Other changes in equity	-	336	-	-	336	(6.767)	(6.431)
Balance as at 31.12.2022	145.000	502.520	135.182	33.737	816.439	161.217	977.656

The accompanying notes 1 to 27 and appendices I to V are an integral part of the consolidated annual accounts for the financial year 2022.



FCC AQUALIA, S.A. AND SUBSIDIARIES (CONSOLIDATED GROUP)		
CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2022 AND 2021 (in thousands of euros)		
	2022.12	2021.12
Profit before tax from continuing operations	191.813	171.516
Adjustments to the result	134.067	111.138
Depreciation of fixed assets (Notes 5 and 6)	148.923	123.875
Changes in value, impairment and gain or loss on disposal of fixed assets	(2.789)	(2.638)
Other adjustments to profit or loss (net)	(12.067)	(10.099)
Changes in working capital	(46.975)	(154.894)
Other cash flows from operating activities	(43.410)	(32.522)
Dividend collections	1.109	1.582
Income tax receivables/(payables)	(44.519)	(34.104)
Other operating activities receipts/(payments)	0	0
CASH FLOWS FROM OPERATING ACTIVITIES	235.495	95.238
Investment payments	(370.588)	(107.109)
Group companies, associates and business units	(181.487)	(7)
Property, plant and equipment and intangible assets	(180.303)	(95.760)
Other financial assets	(8.798)	(11.342)
Divestment proceeds	7.741	20.349
Group companies, associates and business units	3.871	5.034
Property, plant and equipment and intangible assets	1.894	11.033
Other financial assets	1.976	4.282
Other cash flows from investing activities	89.750	74.555
Interest charges	35.626	37.625
Other receipts/(payments) from investing activities	54.124	36.930
CASH FLOWS FROM INVESTING ACTIVITIES	(273.097)	(12.205)
Proceeds and (payments) on equity instruments	(244)	(72)
Issue/(redemption)	(244)	(72)
(Acquisition)/disposal of own securities	-	-
Receivables and (payments) for financial liability instruments	(204.373)	144.782
Broadcast	1.105.850	203.462
Repayment and amortisation	(1.310.223)	(58.680)
Dividend and remuneration payments on other equity instruments	(55.159)	(72.014)
Other cash flows from financing activities	(56.593)	(42.686)
Interest payments	(59.626)	(45.411)
Other collections/(payments) from financing activities	3.033	2.725
CASH FLOWS FROM FINANCING ACTIVITIES	(316.369)	30.010
EFFECT OF EXCHANGE RATE AND OTHER CHANGES	(1.546)	2.759
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(355.517)	115.802
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	601.923	486.121
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (note 13)	246.406	601.923

The accompanying notes 1 to 27 and appendices I to V are an integral part of the consolidated annual accounts for the financial year 2022.



CONSOLIDATED REPORT FOR THE FINANCIAL YEAR 2022

1. GROUP ACTIVITY

FCC Aqualia, S.A. (hereinafter the Parent or FCC Aqualia) was incorporated in Logroño on 26 May 1980 under the name Seragua, S.A. In June 1988 it moved its registered office to Madrid and in July 2002 it adopted the name "Aqualia Gestión Integral del Agua, S.A.". On 2 April 2014, the agreement to change the company name to FCC Aqualia, S.A. was made public.

The FCC Aqualia Group is made up of the Parent Company and a group of national and international investee companies whose main activity is related to the integral water cycle and which are described in more detail below:

- The management of the integral water cycle includes the collection, transport, treatment and distribution of water from wells, river basins and desalination plants to urban centres by means of pumping systems, piping, distribution networks and complex water treatment facilities for its purification and storage. Once used, it is collected through sewage networks and taken to treatment plants, where the water is treated before being returned to its natural environment.

The integral water cycle requires the conservation and maintenance of both water and sewerage networks and water treatment and purification plants, the maintenance and repair of electrical, electronic and plumbing equipment and installations, among others. All these works result in the detection of leaks in the networks and better use of water.

The process is completed with the performance of technical, administrative and IT work for customer management, such as meter reading, billing and collection of bills from subscribers and the customer service centre.

- 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 Temporary Joint Ventures in which the FCC Aqualia Group participates carry out the same activity and are listed in ANNEX IV.

The Parent Company also has interests in companies whose corporate purpose and activities are similar to its own. Details of fully consolidated companies, proportionately consolidated companies and companies accounted for using the equity method are shown in APPENDICES I, II and III, respectively.

The Group is part of FCC's Integral Water Management Division, whose parent company is Fomento de Construcciones y Contratas, S.A., with registered offices at C/ Balmes, 36, Barcelona.



During 2018, Fomento de Construcciones y Construcciones, S.A., until then the sole shareholder of FCC Aqualia, S.A., sold 49% of its share capital to Global Infracore Spain, S.L.U., owned by the investment fund IFM Global Infrastructure Fund, sold 49% of its share capital to Global Infracore 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), contributing to the latter 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.

2. REGULATORY FRAMEWORK, BASIS OF PRESENTATION, CONSOLIDATION PRINCIPLES AND VALUATION RULES

(a) Basis of presentation

The accompanying consolidated financial statements for the year ended 31 December 2022 have been prepared by the Parent Company's management in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU-IFRS) at the reporting date, in conformity with 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 FCC Aqualia for the 2021 financial year were approved by the Company's General Shareholders' Meeting on 28 June 2022.

The consolidated financial statements at 31 December 2022 have been prepared on the basis of the accounting records of FCC Aqualia, S.A. and its investees. These records, which are determined in accordance with the local regulations applicable in each case, have been adjusted to IFRS by each of the companies comprising the Group in accordance with the operating procedures and systems established by the Group, which enable consolidation to be carried out and justified in compliance with the requirements of IFRS.

The consolidated annual accounts of the FCC Aqualia Group at 31 December 2022 have been prepared to give a true and fair view of the consolidated equity and financial position at 31 December 2022 and of the consolidated results of operations, changes in equity and cash flows of the Group for the year then ended.

In order to present the various items comprising these financial statements for the year ended 31 December 2022 in a homogeneous manner, accounting homogenisation criteria have been applied to the financial statements of the companies included in the scope of consolidation. The closing date of the financial statements of the companies included in the scope of consolidation has generally been the same as that of the Parent Company, i.e. 31 December.



The consolidated annual accounts for the financial year 2022 incorporate for comparative purposes the figures for the financial year 2021.

The consolidated financial statements for the year 2022 do not include changes in accounting estimates or corrections of fundamental errors from previous years.

Furthermore, the consolidated annual accounts are expressed in thousands of euros as this is the main currency in the environment in which the Group operates.

b) Changes in accounting policies.

Standards and interpretations issued but not in force

The Group intends to adopt the standards, interpretations and amendments to standards issued by the IASB, which are not mandatorily applicable in the European Union at the date of preparation of these consolidated annual accounts, when they become effective, if applicable. Although the Group is currently analysing their impact, based on the analyses carried out to date, the Group estimates that their initial application will not have a significant impact on its consolidated annual accounts.

Significant standards and interpretations applied in financial year 2022

The standards and interpretations applied in the preparation of these consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended 31 December 2021, as none of the standards, interpretations or amendments that are applicable for the first time in this financial year have had an impact on the Group's accounting policies.

c) Principles of consolidation

Dependent entities

Subsidiaries are defined as entities over which the Company has the ability to exercise effective control; this ability is generally evidenced by the existence of three elements that must be satisfied: power over the investee, exposure or rights to variable returns from the investment and the ability to use that power to affect the amount of those returns.

The financial statements of subsidiaries are fully consolidated with those of the Company. Consequently, all significant balances and effects of transactions between consolidated companies have been eliminated on consolidation.



On acquisition of a subsidiary, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition that gives rise to the acquisition of control in accordance with IFRS 3- Business Combinations. Any excess of the cost of acquisition over the fair values of the identified net assets is recognised as goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets, the difference is taken to profit or loss at the acquisition date.

The results generated by companies acquired in a financial year are consolidated taking into account only those relating to the period between the date of acquisition and the end of that financial year. At the same time, the results generated by companies disposed of in a financial year are consolidated taking into account only those relating to the period between the beginning of the financial year and the date of disposal.

In addition, the minority interest is stated at the proportion of the fair values of the minority's recognised assets and liabilities.

The share of third parties in the equity of their investees is presented under "Minority interests" in the Group's equity in the consolidated balance sheet. Similarly, their share in the profit for the year is presented under "Profit attributable to minority interests" in the consolidated income statement (see note 14).

The subsidiaries listed in Appendix I have been fully consolidated using the full consolidation method.

Joint operations

Joint arrangements are those where the investee is managed by a Group company and one or more third parties and where the parties act jointly to direct the relevant activities and where decisions on such relevant activities require the unanimous consent of the parties.

Joint operations are joint arrangements where it has been concluded that the venturer has direct rights and obligations for its proportionate share of the assets and liabilities of the arrangement.

The financial statements of joint ventures are consolidated with those of the Company using the proportionate consolidation method, so that the aggregation of balances and subsequent eliminations take place only in the proportion that the Group's interest represents in relation to the capital of these entities.

The assets and liabilities of operations are presented in the consolidated balance sheet classified according to their specific nature. Similarly, income and expenses arising from joint operations are presented in the consolidated income statement according to their specific nature.

Consolidation has been carried out using the proportionate consolidation method for the joint ventures listed in Annexes II and IV.

Equity method



In the consolidated financial statements, associates and joint ventures (joint arrangements giving entitlement to the net assets of the arrangement) are accounted for using the equity method, i.e. at the proportion of their net assets represented by the Group's interest in their equity, after taking into account dividends received therefrom and other equity eliminations.

The value of these holdings in the consolidated balance sheet implicitly includes, where appropriate, the goodwill arising on their acquisition.

When the Group's investment in associates has been reduced to zero, additional constructive obligations, if any, in subsidiaries accounted for using the equity method are recognised under "non-current provisions" in the consolidated balance sheet.

Consolidation has been carried out using the equity method for the joint ventures listed in Appendix III.

Transactions between Group companies

In transactions between consolidated companies, the results of internal operations are eliminated and deferred until they are carried out with third parties outside the Group.

Work carried out by the Group on its own fixed assets is recognised at production cost and intra-group results are eliminated.

Receivables and payables corresponding to subsidiaries and, in the corresponding proportion, those between subsidiaries and joint ventures, as well as internal income and expenses in the consolidated companies as a whole, have been eliminated from the consolidated annual accounts.

Homogenisation

The consolidation of the entities included in the consolidation perimeter has been carried out on the basis of their individual annual accounts, which are prepared at 31 December in accordance with the Spanish General Accounting Plan for companies resident in Spain and in accordance with their own local regulations for foreign companies. All significant adjustments necessary to adapt them to International Financial Reporting Standards and/or to homogenise them with the Group's accounting criteria have been considered in the consolidation process.

Changes in the scope of consolidation



Changes in the scope of consolidation during the financial year 2022 and 2021 are presented in Appendix V. The results of these companies are included in the consolidated income statement from the effective date of acquisition or until the effective date of disposal, as appropriate.

In the notes to the consolidated annual accounts, under the heading "Changes in the scope of consolidation", the impact of additions and disposals of companies in the scope of consolidation is shown in the corresponding movements in the notes to the consolidated annual accounts.

(d) Valuation rules

The valuation standards applied in the preparation of the consolidated annual accounts of the FCC Aqualia Group for the financial year 2022 are detailed below:

d. 1 Concessions: Service Concession Arrangements (IFRIC 12)

Concession contracts are agreements between a public granting entity and FCC Aqualia Group companies to provide public drinking water distribution services, construction and operation of hydraulic infrastructures and others. The income derived from the provision of the service may be received directly from the users or sometimes through the granting entity itself, which regulates the prices for the provision of the service.

The concessionary right generally implies the exclusive right to operate 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.

When the characteristics of the standard are met, the aforementioned concession contracts are recorded in accordance with IFRIC 12 "Service Concession Arrangement", which highlights two clearly differentiated phases, a first phase in which the concessionaire provides construction or improvement services that are recognised according to the degree of progress of the agreement with a balancing entry in an intangible or financial asset and a second phase in which a series of maintenance or operation services are provided for the aforementioned infrastructure that are recognised in accordance with IFRS 15 "Revenue from Contracts with Customers".

The recognition of an intangible asset occurs when the risk of demand for the service is assumed by the concessionaire. Conversely, if the risk of demand for the service is assumed by the grantor, a financial asset is recognised. Amounts paid as concession fees are also recognised as intangible assets.



Concessions classified as intangible assets recognise provisions for dismantling, removal or refurbishment at the start of the concession term as an increase in the value of the asset, as well as capacity improvement or expansion measures whose revenues are provided for in the initial contract, and the amortisation of these assets and the discounting of these provisions are taken to profit or loss. Provisions for infrastructure replacement and repair work are systematically recognised in profit or loss as the obligation is incurred.

Interest arising from the financing of the infrastructure is recognised in profit or loss and capitalised when it accrues during the construction and until the infrastructure is brought into operation, only in the intangible asset model.

Amortisation of the recognised intangible asset is provided on a straight-line basis over the life of the concession.

Concessions classified as financial assets are recognised at the fair value of the construction services or improvements provided. In accordance with the amortised cost method, the corresponding income is recognised in profit or loss at the effective interest rate resulting from forecasts of the concession's cash flows and payments.

d.2 Business combinations and goodwill

The assets and liabilities of the companies and subgroups acquired are recognised in the consolidated balance sheet at fair value and the related deferred taxes are deducted. However, in accordance with the regulations, the aforementioned valuation as well as the allocations to the various asset and liability items initially made may be revised within twelve months of the acquisition date, provided that there is new information to be considered.

The date of inclusion in the scope of consolidation is the date on which effective control is obtained, which normally coincides with the date of acquisition.

Minority interests are valued at their proportionate share of the assets and liabilities of the acquired company.

In the event that control of a business combination is taken in stages in more than one transaction (successive purchases), the difference between the fair value at the date of the takeover of the previous interest and the carrying amount of this interest is recognised as operating profit or loss.

Once control of an investee is obtained and until control is lost, the difference between the amount of any additional purchase or sale of an interest and its carrying amount is taken to equity.

Goodwill is recognised at the positive difference between (a) the sum of the fair value of the consideration transferred for the interest acquired and the fair value at the date of acquisition of the previously held



interest in the case of a step acquisition and (b) the percentage of the interest acquired over the fair value of the identifiable assets and liabilities.

Goodwill is not amortised, but is tested for impairment at least at the end of each reporting period to write it down to the lower of its recoverable amount, estimated on the basis of expected cash flows, or acquisition cost, less any impairment losses incurred in prior years. The accounting criteria applied in determining impairment are set out in note 2.d.5. The assumptions used in calculating the impairment test are set out in Note 4.

d.3 Other intangible assets

In this standard we refer to the remaining intangible asset items that are not included in the previous standards on service concession arrangements and goodwill.

These fixed assets include computer software, which is stated at acquisition cost less accumulated depreciation and impairment losses, if any. Depreciation is provided on a straight-line basis over their estimated useful life of four years.

d.4 Tangible fixed assets

Property, plant and equipment are initially recognised at acquisition cost and are subsequently reduced by the related accumulated depreciation and impairment losses, if any, as established in note 2.d.5. The cost of property, plant and equipment also includes the estimated present value of the dismantling or retirement of the related assets and, in those cases in which they have been contributed by the companies acquired, they are initially recognised at the fair value at the date of acquisition.

Upkeep and maintenance costs of property, plant and equipment are recognised in the consolidated income statement 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 ready for use, capitalised costs include borrowing costs that have accrued before the asset is ready for use 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 Group 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 Group 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

The residual value, useful life and depreciation method of the Group's property, plant and equipment are reviewed periodically to ensure that the depreciation pattern applied is consistent with the income derived from the operation of the assets.

At least at the end of each reporting period, the companies assess whether there are indications of impairment of any fixed assets or group of assets in order to proceed, where appropriate, to impair or reverse them to bring their net book value into line with their value in use, without exceeding in any case the reversals of previous impairment losses.

d.5 Impairment of non-financial assets

Intangible assets with a finite useful life and property, plant and equipment are tested for impairment if there are indications of impairment, in order to adjust their net book value to their value in use when this is lower.

Goodwill and intangible assets with indefinite useful lives are necessarily tested for impairment at least annually in order to recognise possible impairment losses.

Impairment losses recognised in prior years on assets other than goodwill may be reversed if the estimates used in impairment tests show a recovery in value. The net carrying amount of assets that recover their value does not exceed the carrying amount that would have been obtained had the impairments not occurred in prior years.

Impairment losses or reversals of impairment of assets are recognised in profit or loss 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 income tax payments, 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 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 those 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 cash flows of CGUs located abroad have been calculated in the functional currency of these cash-generating units and discounted using discount rates that take into account the risk premiums corresponding to these currencies. The present value of the net cash flows thus obtained has been translated at the closing rate of exchange for that currency.

d.6 Leases

As a result of the application of IFRS 16 "Leases", from 1 January 2019 all lease transactions (subject to certain exceptions due to their small amount or duration) in which the Group acts as lessee, give rise to the recognition of an asset for the right of use, which by its nature is mainly recorded as a tangible asset, and a liability for the future payment obligations incurred. The liability is recorded at the present value of the future cash flows of each lease and the asset at an equivalent amount adjusted for any prepayments made.

The term of the lease is estimated by considering those extensions that are reasonably expected to occur and the period during which the lessee expects not to terminate the lease (if it has the power to do so), not just the minimum term set out in the lease, but the period during which the lessee expects that it will continue to use the underlying asset based on its particular circumstances. In determining whether an extension is expected to occur, the lessee's economic incentives to extend the lease are taken into account, including factors such as the existence of market-enhancing terms in the event of an extension, whether the lessee has incurred significant costs to adapt the underlying asset to its needs that it would have to incur if it were to take out a new lease, the existence of termination costs if the lease is not extended, or the importance of the asset to the lessee, especially if it is a specialised asset that is not readily available on the market. In addition, consideration is also given to the history of the period of past use of certain assets.

Subsequently, during the term of the lease contract, the right of use is systematically amortised and the financial expenses associated with the liability are recognised using the amortised cost method.



When the Group acts as lessor, income and expenses arising from leasing arrangements are taken to the income statement in the year in which they accrue.

d.7 Investments accounted for using the equity method

The interest is initially measured at acquisition cost and subsequently restated to the amount of the share in the results generated by these companies that are not distributed by way of dividends. In addition, the value of the interest is adjusted to reflect the proportion of those changes in the equity of these companies that have not been recognised in their results. These include translation differences and adjustments arising from changes in the fair value of cash flow hedging financial derivatives acquired by the companies themselves.

The necessary valuation adjustments are made if and when there are indications of impairment, i.e. if the recoverable amount of the investment is less than its carrying amount.

d.8 Investment property

Investment property is land, buildings and other structures that are held either for rental or for capital appreciation as a result of future increases in their respective market prices.

Following the takeover of the Georgia Global Utilities JSC group (note 2.e), the FCC Aqualia Group has added 2,560 thousand euros of investment property to the accompanying consolidated balance sheet (no investment property was recognised in 2021).

Investment property is stated at fair value at the reporting date and is not subject to depreciation. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise and are recognised under "Changes in value, impairment and gains or losses on disposal of non-current assets" in the accompanying consolidated income statement.

The Group periodically determines the fair value of investment property so that, at year-end, the fair value reflects the market conditions of the investment property items at that date. This fair value is determined every six months using independent expert valuations as reference values.

d.9 Financial assets

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

- Loans and receivables: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Group companies' business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, the proceeds of which are fixed or determinable in amount and which are not traded in an active market.



- Held-to-maturity investments: debt securities with fixed maturity and determinable payments that are traded in an active market and for which the Group has the intention and ability to hold to maturity.
- Available-for-sale financial assets: this includes debt securities and equity instruments of other companies that have not been classified in any of the above categories.

Initial assessment

Financial assets are initially recognised at the fair value of the consideration given plus directly attributable transaction costs, except for financial assets at fair value through profit or loss, which are recognised in profit or loss.

Subsequent assessment

- Loans, receivables and held-to-maturity investments are measured at amortised cost.
- Available-for-sale financial assets are measured at fair value and the net gains or losses arising from changes in fair value are recognised in equity until the asset is disposed of or has become steadily or permanently impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in the consolidated income statement. Permanent impairment is considered to exist if the asset's market value has fallen by more than 40% over a period of one and a half years without the value having recovered.

At least at year-end the Company performs an impairment test for financial assets that are not carried at fair value. Objective evidence of impairment is considered to exist if the recoverable amount of the financial asset is less than its carrying amount. When impairment occurs, it is recognised in the consolidated income statement.

Trade receivables in the Group's ordinary course of business are recognised at their nominal value adjusted for expected credit losses over their life, which means that impairment losses are recognised immediately when credit risk exists. Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss to the other party if it defaults on an obligation. In particular, in respect of impairment losses relating to trade and other receivables from the Water business, the Parent calculates impairment losses, if any, as follows:

- Private customers with overdue balances of more than one year are fully provisioned.
- Private customers past due in less than one year are provisioned at a % based on historical bad debts.
- Public customers are provisioned on the basis of a specific analysis.



Receivables arising from a service concession arrangement are measured in accordance with the criteria set out in section d.1) of this note.

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 consolidated income statement.

Ranking

Current and non-current financial assets are classified on the basis of maturity at the balance sheet date, with current assets maturing within twelve months of the balance sheet date and non-current assets maturing in more than twelve months.

Derecognition of financial assets

The Group derecognises financial assets when they expire or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership have been transferred, such as in firm asset sales, assignments of trade receivables in factoring transactions in which no significant credit or interest rate risk is retained, sales of financial assets under repurchase agreements at fair value or securitisations of financial assets in which the transferor does not retain any subordinated financing or provide any collateral and assumes some other type of risk.

On the other hand, the Group does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received, in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as bill discounting, factoring with recourse, sales of financial assets with repurchase agreements at a fixed price or at the sale price plus interest, and securitisations of financial assets in which the transferor retains subordinated financing or other collateral that absorbs substantially all the expected losses.

d.10 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 Group makes the appropriate valuation adjustments and recognises them as an expense in the consolidated income statement when the net realisable value of inventories is lower than their acquisition price or production cost.

d.11 Foreign currency

The functional currency of the FCC Aqualia Group is the euro.

Conversion differences

The translation into euro of the financial statements of foreign companies denominated in other currencies in the consolidation process has been made at the closing rate except for:

- Capital and reserves that have been converted at historical exchange rates.
- The items in the income statement of foreign companies that have been translated at the average exchange rates of the year.

Translation differences arising from the application of the year-end exchange rate method are included net of tax in equity in the accompanying consolidated balance sheet.

Exchange rate differences

The balances of receivables and payables in foreign currencies in each company are valued in euros at the exchange rates prevailing at the consolidated balance sheet date, with any differences arising being taken to profit or loss.

Differences arising as a result of exchange rate fluctuations between the time of collection or payment and the date on which the transactions were entered into or revalued are taken to profit or loss.

On the other hand, exchange differences arising in connection with the financing of investments in foreign companies, where both the investment and the financing are denominated in the same currency, are recognised directly in equity as translation differences.

d.12 Subsidies

Grants are accounted for on the basis of their nature.



Capital grants. These are grants involving the acquisition or construction of assets. They are measured at the amount received or the fair value of the asset granted and are recorded as deferred income on the liability side of the accompanying consolidated balance sheet and taken to profit or loss as the related asset is depreciated.

Operating subsidies. These are subsidies other than those mentioned above that are not directly related to an asset or set of assets. They are considered operating income for the amount received at the time of the grant.

d.13 Provisions and contingencies

In preparing the consolidated financial statements, the Group's directors distinguish between:

- a) 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.
- b) Contingent liabilities: possible obligations that arise from past events and whose future realisation is conditional on the occurrence or non-occurrence of one or more future events beyond the control of the Group.

The consolidated financial statements 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 consolidated annual accounts, but are disclosed in the notes to the consolidated 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.

The compensation to be received from a third party at the time of settlement of the obligation, provided that there is no doubt that such reimbursement will be received, is recorded as an asset, unless there is a legal link whereby part of the risk has been externalised and the Group is not liable. In this situation, the offsetting is taken into account in estimating the amount for which, if any, the corresponding provision will be recorded.

Provisions for dismantling, removal or restoration and environmental provisions are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when the asset ceases to be used. The effect on profit or loss is produced when the asset is depreciated as indicated in the preceding sections of this note and by the financial revaluation mentioned in the previous paragraph.



They are classified as current or non-current in the accompanying consolidated balance sheet on the basis of the estimated maturity of the obligation they cover, with non-current items having an estimated maturity of more than the average cycle of the activity giving rise to the provision.

d.14 Financial liabilities

Financial liabilities are initially measured at the fair value of the consideration received, adjusted for directly attributable transaction costs. Subsequently, such liabilities are measured at amortised cost.

Finance costs are recognised in the consolidated income statement on an accrual basis 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.

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

d.15 Financial derivatives and accounting hedges

A financial derivative is a financial instrument or other contract whose value changes in response to changes in certain variables, such as an interest rate, the price of a financial instrument, an exchange rate, a credit rating or index, or another variable that may be non-financial.

Financial derivatives, in addition to producing profits or losses, may, under certain conditions, offset all or part of the exchange rate, interest rate or value risks associated with balances and transactions. Hedges are accounted for as described below:

- Cash flow hedges: in this type of hedge, changes in the value of the hedging instrument are recognised temporarily in equity and taken to the income statement when the hedged item is realised.
- Fair value hedges: in this case, changes in the value of the hedging instrument are recognised in profit or loss by offsetting changes in the fair value of the hedged item.
- Net investment hedges of foreign operations: these types of hedging transactions are intended to hedge foreign exchange risk and are treated as cash flow hedges.



In accordance with IFRS 9 "Financial Instruments", an effectiveness test must be performed which consists of a qualitative assessment of the financial derivative in order to determine whether it can be considered a hedging instrument and therefore effective.

The qualitative requirements it should meet are as follows:

- Formal identification and documentation at the origin of the hedging relationship, as well as the purpose of the hedging relationship and the strategy undertaken by the entity with respect to hedging.
- Documentation identifying the hedged item, hedging instrument and nature of the risk being hedged.
- It must meet the effectiveness requirements. That is, there must be an economic relationship between the hedged item and the hedging instrument such that the hedged item and the hedging instrument move in generally opposite directions in the face of the hedged risk. Furthermore, the credit risk must not have a dominant effect on changes in the value of the hedged items and the hedge ratio must be equivalent to the percentage exposure to the hedged risk.

Under the qualitative effectiveness test, a hedge is considered to be fully effective if it meets these criteria. If not, the hedge would no longer be treated as a hedge, the hedging relationship would cease and the derivative would be accounted for at fair value through profit or loss.

Once the effectiveness of the instruments has been assessed, a quantitative analysis is used to determine the accounting for them. This quantitative analysis is composed of a retrospective part for purely accounting purposes and a prospective part to analyse possible future deviations in the hedging relationship.

For the retrospective assessment, the analysis is adapted to the type of hedge and the nature of the instruments used, with all financial derivatives contracted by the Group being cash flow hedges (note 22):

- In cash flow hedges, in the case of interest rate swaps (IRS), where the Group charges a floating rate equivalent to the hedged financing and pays a fixed rate, given that the objective is to reduce the variability of financing costs, the effectiveness is estimated by means of a test comparing that changes in the fair value of the IRS cash flows offset changes in the fair value of the hedged risk.

For accounting purposes, we use the hypothetical derivative methodology, specific to the quantitative assessment of effectiveness, which establishes that the Group will record in equity the lower, in absolute values, between the change in value of the hypothetical derivative (hedged position) and the change in value of the derivative contracted. The difference between the value of the change recorded in equity and the fair value of the derivative at the date on which the effectiveness test is being performed is considered an ineffective portion and is recognised directly in the income statement.



For cash flow hedges where the hedging derivative is not an IRS but an option or a forward, we must differentiate between designated and non-designated parties:

- For the designated party the treatment will be similar to that detailed for IRS.
- For the undesignated portion (forward points or time value of options), the change in fair value thereof shall be recognised in other comprehensive income to the extent that it relates to the hedged item, and accumulated in a separate component of equity. That amount shall be reclassified from the separate component of equity to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss (for example, when a forecast sale occurs).

Changes in the fair value of financial derivatives that do not meet the criteria for hedge accounting are recognised in the income statement as they occur.

The valuation is calculated using methods and techniques defined on the basis of observable market inputs, such as:

- The interest rate swaps have been valued by discounting all the flows foreseen in the contract in accordance with their characteristics, such as the notional amount and the collection and payment schedule. For this valuation, the zero coupon rate curve determined on the basis of the deposits and swaps listed at any given time is used through a bootstrapping process. This zero coupon rate curve is used to obtain the discount factors used in the valuations made under an assumption of Absence of Arbitrage Opportunity (AOA). In cases where the derivatives include upper and lower limits ("cap" and "floor") or combinations thereof, sometimes linked to special performance, the interest rates used were the same as in the swaps, although the generally accepted Black & Scholes methodology was used to take into account the randomness component in the exercise of the options.
- In the case of an inflation-linked cash flow hedging derivative, the methodology is very similar to that of interest rate swaps. The expected inflation is estimated on the basis of quoted inflation, implicitly in swaps indexed to European inflation quoted in the market, and is assimilated to the Spanish inflation rate by means of a convergence adjustment.

In addition, a sensitivity test is performed on derivatives and net financial debt in order to analyse the effect that a possible change in interest rates could have on the Group's accounts, under the assumption of an increase and decrease in interest rates at year-end in different scenarios of interest rate changes (note 22).

Note 22 of these notes to the consolidated financial statements details the financial derivatives that the FCC Aqualia Group has contracted, among other related aspects.



d.15 Tax on profits

Until 28 September 2018, the FCC Aqualia Group belonged to the FCC Group under the tax consolidation regime, in accordance with file 18/89, with all the group companies that meet the requirements established by tax legislation being included in this regime.

With effect from 1 January 2019, FCC Aqualia and the Group companies that meet the conditions set out in Spanish tax legislation form group 233/19 for joint corporate income taxation.

In addition to the parameters to be considered in the case of individual taxation set out above, the following parameters have been determined for the corporate income tax expense accrued under the consolidated tax regime:

- Temporary and permanent differences arising as a result of the elimination of results from transactions between companies in the tax group, derived 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 part of the tax loss carryforwards of some of the companies in the tax group that have been offset by the other companies in the tax 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 companies in the tax group, these tax credits for offsettable losses 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 FCC Aqualia Group records the total amount payable (refundable) for consolidated corporate income tax with a charge (credit) to Credits (Debts) with companies in the tax group.

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 restatement.

In accordance with IAS 12 "Income taxes", the Group has offset deferred tax assets and liabilities (note 19) corresponding to those entities which, in accordance with the tax legislation applicable to them, have the legal right to offset them and will be settled at their net amount based on their timing. At 31 December 2022, deferred tax assets and liabilities amounting to Euros 9,286 thousand (Euros 12,075 thousand at 31 December 2021) have been offset.

d.16 Operating income and expenses

For water supply contracts, the Group recognises as revenue the amount corresponding to the cubic metres supplied to subscribers valued at selling price.

In the case of contracts located in Spain, this sale price is established for each contract on the basis of the tariffs approved by each municipality and published in the Official Gazettes of the respective province. For contracts located outside Spain, there is always a public body at municipal, regional or state level that sets the price per cubic metre by law.

In relation to the cubic metres supplied, the Group takes regular readings of its subscribers' consumption. At each accounting close, the Group evaluates the water sales supplied and not invoiced for the recording of the *Production executed and pending certification under* the heading "Customers for sales and services rendered" in the current assets of the accompanying consolidated balance sheet at 31 December 2022. For its quantification, it takes into consideration the cubic metres consumed by each subscriber from the date of the last bill 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 accounting closure, the remaining consumption is estimated on the basis of the information available for comparable historical periods.

In construction activities, the Group recognises results mainly on the basis of the stage of completion, determined by measuring the work performed in the period and the costs thereof, which are recognised on an accruals basis, with revenue recognised at the selling price of the work performed, which is covered by a contract signed with the customer.

In relation to service concession agreements, the FCC Aqualia Group recognises as operating income the interest income derived from the collection rights of the financial model, since the value of this financial asset includes both construction and maintenance and upkeep services, which from an operational point of view are identical to those represented by the intangible model and, consequently, it is considered that this is a better representation of the true and fair view, since both models are related to the Group's operating activity (see Note 2.d.1).



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

d.17 Estimates made

In the Group's consolidated financial statements for the year ended 31 December 2022 estimates have been made from time to time to quantify certain of the assets, liabilities, income, expenses and commitments reported herein. Basically, these estimates relate to:

- Impairment losses on certain assets (notes 4, 5, 7, 11 and 12)
- The useful life of property, plant and equipment and intangible assets (notes 4 and 5)
- The amount of certain provisions (note 16)
- The market value of certain derivatives (note 22)
- The recoverability of deferred tax assets (note 19)
- The Company's tax results that will be declared to the tax authorities in the future and which have served as the basis for recording the various IS-related balances in these consolidated financial statements (note 19).
- The state of progress of construction activities (note 2.d.16)
- Estimated consumption of cubic metres supplied to subscribers between the dates of the last meter reading and the accounting closing date (note 2.d.16).

Although these estimates have been made on the basis of the best information available on the events analysed at the date of preparation of these consolidated financial statements, events that take place in the future may make it necessary to change these estimates (upwards or downwards) in coming years, which would be done prospectively.

d.18 Related party transactions

The Group carries out all transactions between related parties at market values. In addition, transfer prices are duly supported and the directors consider that there are no significant risks in this respect that could give rise to significant liabilities in the future.

d.19 Pension and similar obligations

In general, the Spanish Group companies do not have any pension plans supplementary to those of the social security system. However, in accordance with the provisions of the Revised Text of the Pension Plans and Funds Act, in those specific cases where similar obligations exist, the companies externalise pension and other similar obligations to their employees.

In addition, certain foreign Group companies have undertaken to supplement the retirement benefits and other similar obligations of their employees. The accrued obligations and, where applicable, the related



assets have been measured by independent actuaries using generally accepted actuarial methods and techniques and are recognised, where applicable, in the accompanying consolidated balance sheet under "Non-current provisions" under "Long-term employee benefit obligations", in accordance with IFRS (Note 16).

d.20 Fair value hierarchies

The measurement of assets and liabilities measured at fair value is broken down into levels according to the following hierarchy determined by IFRS 7:

Level 1: Quoted prices (unadjusted) in active markets for identical asset or liability instruments.

Level 2: Non-quoted price data included in Level 1 that are observable for the asset or liability instrument, both directly (i.e. prices) and indirectly (i.e. derived from prices).

Level 3: Data for the asset or liability instrument that is not based on observable market data.

The Group as at 31 December 2022 and 31 December 2021 only holds level 2 hierarchy level assets and liabilities corresponding to financial instruments valued in accordance with section d.14 "Financial derivatives and accounting hedges".

d.21 Activities having an impact on the environment

In general, operations whose main purpose is to prevent, reduce or repair damage to the environment are considered to be environmental activities. Investments in environmental activities are measured at acquisition cost and capitalised as an increase in the cost of fixed assets in the year in which they are incurred.

Costs arising from corporate actions to protect and improve the environment are expensed in the year in which they are incurred.

d.22 Consolidated cash flow statements

In the consolidated statement of cash flows, which is prepared in accordance with the indirect method, the following expressions are used in the following senses:

- Cash flows: inflows and outflows of cash and cash equivalents, defined as changes in the value of short-term, highly liquid investments.
- Operating activities: typical activities of the Group, as well as other activities that cannot be classified as investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of equity and liabilities that are not part of operating activities.



d.23 Severance payments

In accordance with current legislation, group companies are obliged to pay severance to those employees with whom, under certain conditions, they terminate their employment relationships.

The Parent Company's directors consider that due to the possible dismissals of permanent employees which, under normal circumstances, could take place in the future and the amounts payable for these dismissals, the liability accrued for severance payments would not be significant and, therefore, no relevant provisions have been made in this connection in the annual accounts for the year ended 31 December 2022.

d.24 Earnings per Share

For the purposes of IAS 33, basic earnings per share is calculated by dividing net profit for the period attributable to the Parent by the weighted average number of ordinary shares outstanding during the period, excluding the average number of shares of the Parent held by Group companies. Diluted earnings per share are calculated by dividing net profit for the period attributable to ordinary shareholders adjusted for the effect attributable to dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the period, adjusted by the weighted average number of ordinary shares that would be issued if all potential ordinary shares were converted into ordinary shares of the Parent. For this purpose, conversion is deemed to take place at the beginning of the period or at the time of issue of the potential ordinary shares if the potential ordinary shares were issued during the period.

As the scope of application of IAS 33 is consolidated financial statements whose controlling company meets one of the following requirements:

- Ordinary shares or potential ordinary shares traded on a public market (whether a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
- Shares that are registered, or in the process of registering, their financial statements with a securities commission or other regulatory organisation for the purpose of issuing any type of instrument in a public market.

The Parent's directors consider that at 31 December 2022 and 31 December 2021 the basic earnings per share will be the same as the diluted earnings per share because these circumstances do not arise.

e) Changes in the scope of consolidation

On 2 February 2022, FCC Aqualia, S.A. acquired a 65% stake in the Georgia Global Utilities Group (hereinafter GGU), a water and renewable energy utility in Georgia, for 158.968 million euros. The aforementioned acquisition has been implemented in two phases, both of which have already been completed. In the first phase, FCC Aqualia, S.A. (hereinafter Aqualia) acquired 65% of GGU. The agreement between the partners established that in the period between the acquisition of control and the completion



of the second phase of the agreement, Aqualia held control of the water utilities business with an 80% stake and had no right to the returns obtained by the energy business controlled by the minority partner, nor to the assets, nor any obligations on the liabilities. Consequently, on the date it took control, FCC Aqualia, S.A. began to fully consolidate the assets and liabilities and to allocate 80% of the profit obtained corresponding to the water activity and did not consolidate the energy business, having reclassified the assets and liabilities in question as non-current assets and liabilities held for sale.

The second phase ended with the spin-off of the energy business, so that Aqualia has an exclusive 80% stake in the water utilities business following the exchange of the 65% stake in the energy business for the 15% stake in the water business.

In addition, there is a put in favour of the minority and a call in favour of Aqualia Georgia, LLC for the 20% interest held by the minority in the water utilities business, the fair value of which has been recorded as a financial liability (note 15).

In October 2022, Aqualia Latinoamérica acquired 100% of Saur Colombia, S.A.S. in Colombia, the parent company of a group of companies that provides the integral water cycle in the Colombian municipalities of Albania and Aracataca, among others, for 8,800 thousand euros. In addition, in November 2022, Aqualia Latinoamérica acquired 79.80% of Aguas de la Sabana de Bogotá, S.A. E.S.P. for Euros 14,421 thousand.

The composition of the incorporated balance sheets of the aforementioned business combinations in 2022 is detailed below:

Financial year 2022 (in thousands of euros)	Georgia Global Utilities and subsidiaries	SAUR Colombia and subsidiaries.	Aguas de la Sabana de Bogotá SA ESP
Non-current assets	341.521	20.843	26.232
Intangible Fixed Assets	1.180	17.880	27
Tangible fixed assets	338.231	387	26.200
Investment property	2.110	-	-
Non-current financial assets	-	-	-
Deferred tax assets	-	2.576	5
Current Assets	156.208	7.452	1.577
Non-current assets held for sale	133.352	-	-
Stocks	1.654	461	-
Trade and other receivables	6.625	6.623	88
Other current financial assets	-	-	453
Other current assets	-	6	1
Cash and cash equivalents	14.577	362	1.035



Total Assets	497.729	28.295	27.809
Equity	210.271	8.569	14.421
Non-current liabilities	186.683	6.310	5.410
Non-current provisions	-	-	-
Non-current financial liabilities	177.374	467	-
Deferred tax liabilities	-	5.843	5.410
Other non-current liabilities	9.309	-	-
Current liabilities	100.775	13.416	7.978
Liabilities linked to non-current assets held for sale	87.496	-	-
Current provisions	-	-	-
Current financial liabilities	19	1.554	2.900
Trade and other payables	13.260	11.862	5.078
Total Liabilities and Equity	497.729	28.295	27.809

As a result of the aforementioned business combinations, the fair value of the assets acquired was determined by discounting at a market rate the cash flows estimated to be generated over the time horizon of the concessions currently in force. These cash flows were estimated internally based on the Group's past experience and, where applicable, on the economic and financial plans of the concessions, applying the appropriate assumptions and macroeconomic variables in each case. The following table shows the amounts assigned to assets and liabilities to reflect their fair value at the date of taking control:

Financial year 2022 (in thousands of euros)	Georgia Global Utilities and subsidiaries	SAUR Colombia and subsidiaries.	Aguas de la Sabana de Bogotá SA ESP
Intangible assets	-	14.418	-
Tangible fixed assets	165.312	-	13.526
Non-current financial assets	-	-	-
Total allocations to assets	165.312	14.418	13.526
Non-current provisions	-	-	-
Non-current liabilities (deferred tax liabilities)	-	4.982	4.734
Total allocations to liabilities	-	4.982	4.734
Total net allocations	165.312	9.436	8.792

A reconciliation of the consideration transferred in each of the above business combinations, the amount of minority interests recognised and the fair value of the net assets acquired is provided below:

Financial year 2022 (in thousands of euros)	Georgia Global Utilities and subsidiaries	SAUR Colombia and subsidiaries.	Aguas de la Sabana de Bogotá SA ESP
Amount of the acquisition	158.968	8.800	14.421
Fair value Minority interests	45.603	-	-
Fair value of previous shareholding	-	-	-



Fair value of net assets	(210.271)	(8.800)	(14.421)
Value put minority interests	5.700	-	-
Goodwill	-	-	-

The aforementioned business combinations have contributed revenues and results to the accompanying consolidated income statement:

Financial year 2022 (in thousands of euros)	Georgia Global Utilities and subsidiaries	SAUR Colombia and subsidiaries.	Aguas de la Sabana de Bogotá SA ESP
Net turnover	65.292	3.397	941
Other income	182	230	-
Operating result	23.620	523	625
Profit before tax from continuing operations	31.569	448	573
Profit attributable to the parent company	25.255	457	236
Minority Interests	6.314	(66)	60

Had the above companies been consolidated as of 1 January 2022, the revenues and results they would have contributed would be as follows:

Financial year 2022 (in thousands of euros)	Georgia Global Utilities and subsidiaries	SAUR Colombia and subsidiaries.	Aguas de la Sabana de Bogotá SA ESP
Net turnover	70.472	8.117	6.014
Other income	203	-	-
Operating result	25.264	1.031	3.373
Profit before tax from continuing operations	34.182	1.234	2.980
Profit attributable to the parent company	27.346	1.259	1.607
Minority Interests	6.836	(98)	407

3. DISTRIBUTION OF RESULTS OF THE PARENT COMPANY

The proposed distribution of the Parent's profit for the financial year 2022 to be submitted for approval at the General Meeting of Shareholders is as follows:

PROPOSED DISTRIBUTION OF RESULTS (Amounts in thousands of euros)



Benefit of the exercise	118.596
Distribution:	
A Voluntary reserves	118.596

4. INTANGIBLE ASSETS

The composition of intangible assets at 31 December 2022 and 2021 is as follows:

(thousands of euros)	Cost	Accumulated depreciation	Deteriorations	Net value
31.12.2022				
Concessions (note 7)	1.877.439	(1.069.562)	(12.482)	795.395
Goodwill	85.330	0	(25)	85.305
Other intangible assets	51.040	(28.827)	0	22.213
TOTAL	2.013.809	(1.098.389)	(12.507)	902.913

(thousands of euros)	Cost	Accumulated depreciation	Deteriorations	Net value
31.12.2021				
Concessions (note 7)	1.795.244	(988.668)	(15.040)	791.536
Goodwill	85.330	-	(25)	85.305
Other intangible assets	35.485	(22.987)	-	12.498
TOTAL	1.916.059	(1.011.655)	(15.065)	889.339



None of the intangible assets recorded have been internally generated and, except for goodwill, all have a finite useful life and are therefore subject to amortisation on a straight-line basis over the period over which they are expected to generate revenue, as follows:

	<u>Estimated useful life</u>
Concessions ⁵	- 50 years (duration of concession)
Other intangible assets	4 years

Intangible assets located outside Spanish territory amount to EUR 243,402 thousand at 31 December 2022 (31 December 2021: EUR 224,916 thousand).

There are no investment commitments in addition to those already recognised in the contracts and provided for under "Long-term provisions" in the accompanying balance sheet (see Note 16).

Movement in intangible assets

The movements in this item in the consolidated balance sheet during the financial years 2020 and 2021 were as follows:

(thousands of euros)	Concessions	Goodwill	Other intangible assets	Depreciation	Deteriorations	TOTAL
Balance at 31.12.20	1.710.822	85.330	31.495	(940.626)	(16.112)	870.909
Tickets	103.262	-	5.408	-	-	108.670
Endowments	-	-	-	(80.095)	(4)	(80.099)
Reversals	-	-	-	-	1.051	1.051
Exits	(11.268)	-	(578)	7.237	-	(4.609)
Transfers	1.547	-	(1.504)	-	-	43
Conversion differences	3.579	-	664	(2.573)	-	1.670
Change in the scope of consolidation	(12.698)	-	-	4.402	-	(8.296)
Balance as at 31.12.21	1.795.244	85.330	35.485	(1.011.655)	(15.065)	889.339
Tickets	67.792	-	9.131	-	-	76.923



Endowments	-	-	-	(84.146)	(423)	(84.569)
Reversals	-	-	-	-	2.981	2.981
Exits	(191)	-	(396)	200	-	(387)
Transfers	(3.848)	-	3.848	-	-	0
Conversion differences	481	-	1.788	(2.716)	-	(447)
Changes in the scope of consolidation	17.961	-	1.184	(72)	-	19.073
Balance as at 31.12.22	1.877.439	85.330	51.040	(1.098.389)	(12.507)	902.913

Concessions

Administrative concessions are defined as those by virtue of which a granting entity grants a concessionaire (the FCC Aqualia Group), 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 will be carried out at the risk and peril of the concessionaire, who will assume the economic risks derived from their execution and operation.

The Group records as 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.

In the financial year 2022, the Group has recorded additions of 76,923 thousand euros corresponding to the activity carried out by the Group in the following markets:

- Spain. During the 2022 financial year, the concessions heading has had additions amounting to 49,610 thousand euros, the most important being the award of the integral water cycle contract in Lluçmajor (Balearic Islands) for a period of 20 years for 24,866 thousand euros, of which 3,423 thousand euros correspond to the initial fixed fee and transfer tax and the rest to the commitment to investments to be made in the 20 years of the renewal period obtained in the financial year. These investments will be aimed, among other things, at renewing the pumping equipment in order to reduce the energy bill and improving the networks to increase their efficiency.

Significant additions have also been recorded in Los Alcázares (Murcia) in the amount of 3,120 thousand euros for the investment commitments to be made in the period obtained for the 5-year renewal of the integral water cycle service. The investments will be aimed at renewing the sewerage network, increasing its rainwater collection capacity, installing manholes, underground rainwater collection channels and new pumping stations at several critical points in the municipality, all of this to reinforce the commitment of this municipality, located on the shores of the Mar Menor, and within the framework of the actions planned to protect it.

Talavera de la Reina (Toledo) in the amount of 3,180 thousand euros corresponding to investment



commitments to be executed in the construction of a new drinking water tank in the Torrehierro industrial estate, which will replace the existing one, as well as investments in the drinking water treatment plant.

- In the international market, there have been significant investments in Colombia amounting to 6,304 thousand euros for the acquisition of the companies of the Naunet Group and Aguas de la Sabana, and in Italy for the investments in the municipalities of the province of Caltanissetta on the island of Sicily.

In 2021, the Group has recorded additions amounting to EUR 108,670 thousand corresponding to the activity carried out by the Group in the following markets:

- Spain. During the 2021 financial year, the concessions heading has increased by 92,112 thousand euros, with Vigo (Pontevedra) standing out for an amount of 35,628 thousand euros due to the investment commitments to be made by the Group in the period obtained for the 5-year renewal of the drinking water supply service that has been provided 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.

Other municipalities with a significant renewal are La Nucia (Alicante) for 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 this year and the rest corresponds to payments made to the city council as an advance fee, and Güimar (Gran Canaria) for 8,844 thousand euros for the commitment of investments to be made during the 25-year renewal period obtained this year. Of the aforementioned amount, Euros 5,100 thousand 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.

- Outside Spain, other significant investments in the year were 5,846 thousand euros in the province of Caltanissetta (Italy) and 3,848 thousand euros in Mexico.



As at 31 December 2022 and 2021, the main administrative concessions are as follows (in thousands of euros):

Year 2022

Contract	Regulated active concession agreement			Advances for Concession Agreement	
	Cost	Am. Acum.	Deterioration		Duration
Alcalá de Henares (Madrid)	18.021	(12.809)	-	-	25 years
Alcoy (Alicante)	7.568	(7.568)	-	-	20 years
Algeciras (Cádiz)	18.333	(7.596)	-	-	50 years
Almansa (Albacete)	9.234	(3.423)	-	-	25 years
Almería (Almería)	28.617	(18.496)	-	-	40 years
Arcos de la Frontera (Cádiz)	11.187	(4.573)	-	-	25 years
Badajoz (Badajoz)	52.795	(29.680)	-	-	50 years
Barbate (Cádiz)	7.218	(3.052)	-	-	25 years
Cabezo Torres (Murcia)	6.314	(6.314)	-	-	40 years
Calahorra (La Rioja)	7.299	(5.665)	-	-	25 years
Cartaya (Huelva)	8.724	(3.139)	-	-	25 years
Castrillón (Asturias)	10.417	(4.582)	(1.123)	-	25 years
Chipiona (Cádiz)	7.054	(4.797)	-	-	40 years
Denia (Alicante)	14.610	(8.755)	-	-	35 years old
El Arenal - Lluçmajor (I. Balearic Islands)	26.292	(1.944)	-	-	20 years
Gáldar (Gran Canaria)	13.398	(6.003)	(1.839)	-	25 years
Güímar (Gran Canaria)	10.115	(1.684)	-	-	25 years
Ingenio (Gran Canaria)	6.138	(4.936)	-	-	25 years
Jaén (Jaén)	9.594	(8.123)	-	-	30 years
La Línea de la Concepción (Cadiz)	16.119	(9.515)	-	-	40 years
La Nucia (Alicante)	32.202	(14.826)	-	-	50 years



Year 2022

Contract	Regulated active concession agreement			Advances for Concession Agreement	
	Cost	Am. Acum.	Deterioration		Duration
La Solana (Ciudad Real)	5.513	(2.925)	-	-	30 years
L'Ametlla de Mar (Tarragona)	11.605	(6.811)	-	-	35 years old
Llanera (Asturias)	11.176	(6.612)	(2.973)	-	25 years
Lleida (Lleida)	49.277	(18.547)	-	-	25 years
Lloret de Mar (Girona)	24.774	(16.099)	-	-	25 years
Los Alcázares (Murcia)	11.378	(8.674)	-	-	20 years
Mdad. El Girasol (Toledo)	7.855	(6.378)	-	-	25 years
Mdad. Río Algodor (Toledo)	7.677	(3.075)	-	-	50 years
Mérida (Badajoz)	21.402	(15.615)	-	-	30 years
Moguer (Huelva)	7.518	(3.701)	-	-	30 years
Oviedo (Asturias)	37.077	(18.553)	(108)	-	50 years
Salamanca (Salamanca)	11.106	(5.925)	-	-	25 years
San Lorenzo Escorial (Madrid)	6.512	(3.169)	-	-	30 years
San Pedro del Pinatar (Murcia)	10.667	(5.347)	-	-	50 years
Sanlúcar de Barrameda (Cádiz)	17.263	(8.424)	-	-	40 years
Sant Feliu Guixols (Girona)	7.024	(4.577)	-	-	50 years
Sant Josep (Balearic Islands)	10.554	(6.268)	-	-	28 years old
Santander (Cantabria)	86.349	(57.765)	-	-	25 years
Sóller (Balearic Islands)	6.681	(4.130)	-	-	30 years
Talavera de la Reina (Toledo)	31.534	(22.454)	-	-	25 years
Valverde del Camino (Huelva)	6.206	(2.544)	-	-	25 years
Vélez-Málaga (Málaga)	7.800	(5.258)	-	-	20 years
Vigo (Pontevedra)	218.725	(197.350)	-	-	30 years
Adeje (Tenerife)	120.280	(99.181)	-	-	15-25 years
Ecija (Seville)	9.585	(8.210)	-	-	25 years
Jerez de la Frontera (Cadiz)	104.124	(39.807)	-	-	25 years
Línea de la Concepción (Cádiz)	346	(86)	-	-	12 years
Puerto de Santa María (Cádiz)	6.075	(1.235)	-	-	25 years
WWTP municipalities (Teruel)	16.618	(11.519)	-	-	21 years old
Municipalities C.Tropical Granada	33.567	(14.091)	-	-	25 years
Abrantes (Portugal)	10.406	(4.914)	-	-	25 years
Campo Maior (Portugal)	4.032	(2.001)	-	-	30 years
Elvas (Portugal)	7.734	(3.092)	-	-	30 years
Cartaxo (Portugal)	25.517	(8.382)	-	-	35 years old
Fundao (Portugal)	7.132	(2.587)	-	-	30 years
Caltanissetta (Italy)	61.813	(26.477)	-	18.596	30 years
Oise Valley (France)	31.953	(9.254)	-	-	16 years



Year 2022

Contract	Regulated active concession agreement			Advances for Concession Agreement	Duration
	Cost	Am. Acum.	Deterioration		
Realito (Mexico)	39.514	(14.936)	-	2.099	13 years
Qatarat (Arabia)	80.726	(42.314)	-	-	10 years
Aqualia Latin America (Colombia)	36.831	(5.373)	-	-	19 years old
Aqualia Villa del Rosario (Colombia)	6.391	(1.176)	-	-	14 years
Aqualia Flandes (Colombia)	2.799	(23)	-	-	20 years
Aqualia Colombia	14.418	(184)	-	-	20 years
Rest	299.771	(226.931)	(6.439)	190	5 - 50 years
Total	1.856.554	(1.069.562)	(12.482)	20.885	

Year 2021 Contract	Concession agreement Regulated Asset			Advances for Concession Agreement	Duration
	Cost	Am. Acum.	Deterioration		
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)	-	-	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)	-	-	25 years
Jaén (Jaén)	9.594	(7.790)	-	-	30 years
La Línea de la Concepción (Cádiz)	16.119	(9.146)	-	-	40 years
La Nucía (Alicante)	32.202	(13.866)	-	-	50 years
La Solana (Ciudad Real)	5.513	(2.765)	-	-	30 years



Year 2021 Contract	Concession agreement Regulated Asset			Advances for Concession Agreement	Duration
	Cost	Am. Acum.	Deterioration		
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)	-	-	20 years
Mdad. El Girasol (Toledo)	7.855	(5.959)	-	-	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)	-	50 years
Salamanca (Salamanca)	11.106	(5.281)	-	-	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 Guíxols (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)	-	-	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
Adeje (Tenerife)	120.280	(92.709)	-	-	15-25 years
Ecija (Seville)	9.585	(7.826)	-	-	25 years
Jerez de la Frontera (Cádiz)	101.986	(35.590)	-	-	25 years
Línea de la Concepción (Cádiz)	135	(73)	-	211	12 years
Puerto de Santa María (Cádiz)	6.075	(744)	-	-	25 years
WWTP municipalities (Teruel)	16.618	(10.645)	-	-	21 years old
Municipalities C.Tropical Granada	33.236	(13.242)	-	-	25 years
Abrantes (Portugal)	10.406	(4.550)	-	-	25 years
Campo Maior (Portugal)	4.032	(1.866)	-	-	30 years
Elvas (Portugal)	7.734	(2.808)	-	-	30 years
Cartaxo (Portugal)	25.517	(7.633)	-	-	35 years old
Fundao (Portugal)	7.132	(2.339)	-	-	30 years
Caltanissetta (Italy)	57.993	(23.562)	-	12.303	30 years
Oise Valley (France)	31.953	(6.610)	-	-	16 years
Realito (Mexico)	35.598	(11.863)	-	-	13 years
Qatarat (Arabia)	75.704	(33.949)	-	-	10 years



Year 2021 Contract	Concession agreement Regulated Asset			Advances for Concession Agreement	Duration
	Cost	Am. Acum.	Deterioration		
Aqualia Latin America (Colombia)	40.180	(3.982)	-	-	19 years old
Aqualia Villa del Rosario (Colombia)	7.400	(869)	-	-	14 years
Rest	288.646	(165.408)	(6.876)	252	
Total	1.782.478	(988.668)	(15.040)	12.766	

The concession activity of municipal water services is characterised by a very large number of contracts, the most significant of which are detailed in the table above. The main purpose of the contracts is the management of the complete water cycle, ranging from the collection and transport of the resource to urban centres, its treatment in complex installations for its potabilisation, to the distribution and subsequent recapture of wastewater for its purification and subsequent discharge into the natural environment.

In this type of concession, billing is made directly to the end users of the service, based on consumption.

In the case of water infrastructure concessions, such as wastewater treatment plants and drinking water treatment plants, collection is generally made from the grantor depending on water consumption. On the other hand, the Group recognises as financial assets those concessions, mainly desalination plants, where the grantor guarantees in the tariff a component that allows the recovery of the investment made without demand risk (see Note 10.a.3).

The contracts usually include periodic tariff review clauses based on indices such as the CPI or polynomial formulas that take into account the evolution of the unit prices of the main cost components of the resources used during the life of the concession. In order to carry out their activities, concessionaires build or receive the right to use the distribution and sewerage networks, as well as the complex installations necessary for drinking water treatment and purification. The concession periods for this type of concession range from different periods, up to a maximum of 50 years, and the facilities revert to the concession holder at the end of the concession period, without receiving any compensation.

In virtually all fully consolidated municipal concession contracts, the amount of the charges depends on the consumption produced by users and is therefore variable, and therefore the demand risk is borne by the concessionaire and recognised as intangible assets. In those cases, which include certain water infrastructure concessions, such as desalination and wastewater treatment plants, collection is based on the cubic metres actually treated, with the grantor guaranteeing a minimum guaranteed level regardless of the volume, and therefore, as this is a fixed charge and the demand risk is borne by the grantor, the guaranteed amounts are classified as financial assets.

Other intangible assets

The sub-caption "Other intangible assets" mainly includes computer software acquired from third parties and amortised on a straight-line basis over four years and other fixed assets related to concession contracts.



Assets with ownership restrictions

Within the scope of its activity, the Group acquires or builds assets for its fixed assets which revert to the awarding municipalities at the end of the contracts.

The Group companies consider that the periodic maintenance plans for their facilities, the cost of which is expensed in the year incurred, are sufficient to ensure that the assets subject to reversion are delivered in good working order at the end of the term of the concessions and that, therefore, no significant expenses will be incurred as a result of the reversion.

Goodwill

The breakdown of goodwill (net of impairment) at 31 December 2022 and 2021 in the accompanying consolidated balance sheet is as follows:

Amounts in thousands of euros	31.12.2022	31.12.2021
Depurplan 11, S.A.	18	18
Aqualia Intech, S.A.	2.523	2.523
Merger goodwill	82.764	82.764
TOTAL	85.305	85.305

Merger goodwill corresponds to the goodwill arising in 2002 and 2011 from the mergers by absorption that the Parent Company carried out with several of its subsidiaries and which gave rise to goodwill arising from the difference between the acquisition cost of these subsidiaries and the fair value of the identifiable net assets.

On 21 March 2013 Aqualia Industrial Solutions, S.A. Unipersonal (formerly Graver Española, S.A.U.) merged as an absorbing company with Nilo Medioambiente, S.L. and Chemipur Químicos, S.L. (as absorbed companies).

On 23 November 2015 Aqualia Industrial Solutions, S.A. merged with Aqualia Intech, S.A., through the absorption by the latter of Aqualia Industrial Solutions, S.A. Unipersonal, both companies owned by FCC Aqualia. The absorption was carried out through the integration of all the elements and the en bloc transfer of the absorbed company's equity to the absorbing company at consolidated values.

In relation to the estimates made and the sensitivity analysis in the goodwill impairment tests, the main aspects are discussed below:

- Merger goodwill. For the assumptions used to estimate cash flows, the Parent Company has been considered as a cash-generating unit as a whole. The main assumptions used are as follows:



- Annual revenue growth: 9.2% in the first year, 0% in the following two years and 4.5% from the fourth year onwards.
- Perpetual income growth: Zero.
- Pre-tax discount rate: 10,19 %.
- The current cash flow projections do not show a high sensitivity, withstanding increases in the discount rate up to 18%, as well as a decrease in cash flows by an amount of 70% without incurring impairment.

5. TANGIBLE FIXED ASSETS

The net composition of property, plant and equipment as at 31 December 2022 and 2021 is as follows:

(thousands of euros)	Cost	Accumulated depreciation	Net value
31.12.2022			
Land and Buildings	186.371	(54.554)	131.817
Land and natural assets	13.419	(275)	13.144
Buildings for own use	172.952	(54.279)	118.673
Technical installations and other tangible fixed assets	1.526.469	(665.224)	861.245
Technical installations	1.096.965	(443.229)	653.736
Machinery and transport equipment	198.836	(134.254)	64.582
Fixed assets under construction	82.041	-	82.041
Other tangible fixed assets	148.627	(87.741)	60.886
TOTAL	1.712.840	(719.778)	993.062
(thousands of euros)	Cost	Accumulated depreciation	Net value
31.12.2021			
Land and Buildings	132.915	(45.323)	87.592
Land and natural assets	8.969	(196)	8.773
Buildings for own use	123.946	(45.127)	78.819
Technical installations and other tangible fixed assets	986.062	(583.792)	402.270
Technical installations	661.428	(381.761)	279.667
Machinery and transport equipment	177.545	(121.589)	55.956
Fixed assets under construction	24.857	-	24.857
Other tangible fixed assets	122.232	(80.442)	41.790
TOTAL	1.118.977	(629.115)	489.862



The movements in the various items of property, plant and equipment in 2021 and 2022 were as follows:

(in thousands of euros)	Land and natural assets	Buildings for own use	LAND AND BUILDINGS	Technical installations	Machinery and transport equipment	Tangible fixed assets under construction	Other tangible fixed assets	TECHNICAL INSTALLATIONS AND OTHER TANGIBLE FIXED ASSETS	AMORTISATIONS	DETERIORATIONS	TOTAL
Balance at 31.12.20	8.068	116.326	124.394	598.729	160.944	33.249	115.945	908.867	(576.750)	-	456.511
Tickets	591	7.400	7.991	5.395	11.858	30.119	10.576	57.948	-	-	65.939
Endowments	-	-	-	-	-	-	-	-	(43.888)	-	(43.888)
Reversals	-	-	-	-	-	-	-	-	-	-	-
Exits	(31)	(5.593)	(5.624)	(1.748)	(6.538)	(43)	(4.844)	(13.173)	13.677	-	(5.120)
Transfers	82	2.802	2.884	28.954	6.495	(38.969)	593	(2.927)	-	-	(43)
Conversion differences	356	3.011	3.367	30.715	5.367	501	619	37.202	(23.616)	-	16.953
Changes in the scope of consolidation	(97)	0	(97)	(617)	(581)	-	(657)	(1.855)	1.462	-	(490)
Balance as at 31.12.21	8.969	123.946	132.915	661.428	177.545	24.857	122.232	986.062	(629.115)	-	489.862
Tickets	165	12.024	12.189	28.881	11.008	53.602	14.220	107.711	-	-	119.900
Endowments	-	-	-	-	-	-	-	-	(65.114)	-	(65.114)
Reversals	-	-	-	-	-	-	-	-	-	-	-
Exits	(5)	(5.276)	(5.281)	(275)	(6.846)	(2)	(2.509)	(9.632)	10.714	-	(4.199)
Transfers	1.392	2.189	3.581	(3.310)	6.350	(7.092)	471	(3.581)	-	-	-
Conversion differences	614	11.281	11.895	99.414	5.603	2.170	290	107.477	(35.794)	-	83.578
Changes in the scope of consolidation	2.284	28.788	31.072	310.827	5.176	8.506	13.923	338.432	(469)	-	369.035
Balance as at 31.12.22	13.419	172.952	186.371	1.096.965	198.836	82.041	148.627	1.526.469	(719.778)	-	993.062



Additions in 2022 amounted to 119,900 thousand euro (65,939 thousand euro in 2021), the most significant being those recorded in FCC Aqualia in the amount of 19,981 thousand euro for the activation of meters and the acquisition of new vehicles for water services in Spain (22,406 thousand euros at 31 December 2021), and those recorded in the contracts that the Group is developing in the Czech Republic and Georgia, whose investments at 31 December 2022 amount to 33,168 thousand euros and 36,837 thousand euros, respectively (28,453 thousand euros at 31 December 2021 in the Czech Republic). Also, the Group has activated, applying IFRS16, operating lease contracts signed during the year amounting to Euros 11,922 thousand at 31 December 2022 (Euros 8,909 thousand at 31 December 2021).

In the 2022 financial year, the most significant movement in the table of changes in tangible fixed assets is recorded in the line "Changes in the scope of consolidation", which includes the fixed assets contributed by Georgia Global Utilities, amounting to 340,340 thousand, acquired in the current financial year and which owns the fixed assets with which it provides the service.

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their property, plant and equipment are subject.

At 31 December 2022, property, plant and equipment located outside Spanish territory has a net book value of EUR 842,951 thousand and is mainly located in Georgia, the Czech Republic, Italy and France (EUR 358,213 thousand at 31 December 2021).

The amount of fully depreciated property, plant and equipment that is nevertheless used in the production activity because it is in good working order amounts to EUR 286,550 thousand as at 31 December 2022 (31 December 2021: EUR 229,624 thousand).

No interest has been capitalised in 2022 and 2021, with capitalised interest accrued since inception amounting to 3,836 thousand euros in both years.

Work carried out on the Group's fixed assets

The FCC Aqualia Group, through its specialised companies, carries out works and infrastructures assigned to water contracts which, for the most part, are provided in the Czech Republic and do not revert to the local councils that awarded the contract. The amount capitalised in this connection totals Euros 26,301 thousand at 31 December 2022 (Euros 25,826 thousand at 31 December 2021).

6. REAL ESTATE INVESTMENTS

This heading records the real estate that the FCC Aqualia Group owns in Georgia following the acquisition of Georgia Global Utilities JSC.



The assets included therein are valued at fair value. The date of the last valuation carried out by an independent expert is 15 November 2022 and the valuation was performed in accordance with the rules set out in IFRS13 Fair Value Measurement.

7. SERVICE CONCESSION AGREEMENTS

This note presents an overview of the Group's investments in concession businesses recognised under various asset headings in the accompanying consolidated balance sheet.

The following table sets out the total of such assets held by Group companies under service concession agreements to provide public services for the distribution of drinking water, construction and operation of water infrastructure and others, which are included under intangible assets, non-current and current financial assets and investments in companies accounted for using the equity method in the accompanying consolidated balance sheet at 31 December 2022 and 2021.

CONCESSIONS AS AT 31.12.2022	Intangible assets	Non-current receivables, concession agreement	Current receivables from concession agreement	Loans to Concession Joint Ventures	Investment accounted for using the equity method in concession joint ventures	Total
(thousands of euros)	(note 4)	(note 10.a.3)	(note 10.b)			Investment
Cost	1.877.439	220.461	24.615	28.914	25.439	2.176.868
Amortisation	(1.069.562)	-	-	-	-	(1.069.562)
Deteriorations	(12.482)	-	-	-	-	(12.482)
TOTAL	795.395	220.461	24.615	28.914	25.439	1.094.824

CONCESSIONS AS AT 31.12.2021	Intangible assets	Non-current receivables, concession agreement	Current receivables from concession agreement	Loans to Concession Joint Ventures	Investment accounted for using the equity method in concession joint ventures	Total
(thousands of euros)	(note 4)	(note 10.a.3)	(note 10.b)			Investment
Cost	1.795.244	206.478	24.293	38.329	29.637	2.093.981
Amortisation	(988.668)	-	-	-	-	(988.668)
Deteriorations	(15.040)	-	-	-	-	(15.040)
TOTAL	791.536	206.478	24.293	38.329	29.637	1.090.273

In addition, the concession companies controlled by the Group are obliged, in accordance with the concession contracts, to acquire or construct fixed assets assigned to the concessions for an amount of Euros 156,538 thousand at 31 December 2022 (Euros 149,763 thousand at 31 December 2021) (note 16).



The increase compared to 2020 is mainly due to the investment commitments included in the contract renewals obtained during the year by the Group, mainly in Spain (see note 4).

8. INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

This item includes the value of investments in companies accounted for using the equity method, which includes both the equity and non-current loans granted to these companies, as well as jointly controlled entities or associates accounted for using the equity method.

The movement in consolidated holdings accounted for using the equity method for each year, by item, is as follows:

(thousands of euros)	Participations	Outstanding disbursements	Appropriations to LP	FINAL BALANCE
Balance at 31.12.20	26.519	(45)	41.795	68.269
Procurement	-	-	-	-
Profit-sharing	2.815	-	-	2.815
Dividend distribution	(1.469)	-	-	(1.469)
Outstanding disbursements	-	8	-	8
Conversion differences	599	-	-	599
Loans granted/(written off)	-	-	(3.466)	(3.466)
Change of consolidation method	-	-	-	-
Other	1.210	-	-	1.210
Balance at 31.12.21	29.674	(37)	38.329	67.966
Procurement	-	-	-	-
Profit-sharing	2.653	-	-	2.653
Dividend distribution	(1.327)	-	-	(1.327)
Outstanding disbursements	-	-	-	-
Conversion differences	(6.709)	-	-	(6.709)
Loans granted/(written off)	-	-	(9.415)	(9.415)
Change of consolidation method	-	-	-	-
Other	1.185	-	-	1.185
Balance as at 31.12.22	25.476	(37)	28.914	54.353

The most significant movements in translation differences in 2022 are due to the devaluation of the Egyptian pound and the Mexican peso against the euro, representing a translation difference of Euros 5,612 thousand and Euros 1,169 thousand, respectively. On the other hand, the revaluation of the Omani Rial recorded an amount of 71 thousand euros.

In the line "Loans granted" in the financial year 2022, of note is the early repayment by decision of its board of directors of the loan that the Group had granted to Aguas de Narixa, S.A. for an amount of 3,625



thousand euros and the reclassification made of the balance pending collection for an amount of 2,929 thousand euros for the loan granted to Aguas de Priego de Córdoba municipal company, S.A. as it was removed from the consolidation perimeter in the financial year following an agreement reached between the Group and the town council of said municipality.

Details of investments in joint ventures accounted for using the equity method are shown in Appendix III.

The assets, liabilities, turnover and results at 31 December 2022 and 2021 are presented below in proportion to the percentage interest in the share capital of each associate and jointly controlled company:

	(thousands of euros)	
	Balance as at 31.12.22	Balance at 31.12.21
Balance		
Non-current assets	65.512	75.505
Current assets	56.115	53.217
Non-current liabilities	49.159	56.232
Current liabilities	59.037	54.364
	(thousands of euros)	
	Result at 31.12.22	Result at 31.12.21
Results		
Net turnover	54.075	49.481
Net operating result	4.868	5.814

In relation to investments accounted for using the equity method, the FCC Aqualia Group has not granted any guarantees at 31 December 2022, nor at 31 December 2021, to financial institutions to guarantee the maintenance of the stake in the capital of the subsidiaries concerned during the term of the loan agreement.

9. JOINT OPERATIONS S

The Group companies carry out part of their activities through interests in businesses in which the FCC Aqualia Group exercises joint control with other non-Group partners, mainly through joint ventures and economic interest associations (EIGs). These businesses have been proportionately consolidated, as indicated in note 2 of these notes to the consolidated financial statements, provided that the interest grants direct rights over assets and direct obligations over liabilities.

The key figures for the various jointly managed businesses in terms of assets, liabilities and profit and loss account at 31 December 2022 and 2021 are presented below:

Temporary joint ventures and Economic Interest Groupings (amounts in thousands of euro)	(thousands of euros)	
	Result at 31.12.22	Result at 31.12.21



Net turnover	181.250	175.441
Gross Operating Profit	41.398	42.344
Net Operating Profit	29.223	30.950
Non-current assets	100.519	102.440
Current assets	86.133	95.609
Non-current liabilities	43.954	55.528
Current liabilities	102.287	96.420

10. NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS

The breakdown of "Non-current financial assets" and "Other current financial assets" in the accompanying consolidated balance sheet is as follows:

10.a) Non-current financial assets

Non-current financial assets are distributed as follows:

<i>(Amounts in thousands of euros)</i>	Balance as at 31.12.22	Balance at 31.12.21
Non-current loans to group companies (note 10.a.1)	806.479	806.479
Non-current third party receivables (note 10.a.2)	93.945	94.354
Non-current receivables, concession agreement (notes 7 and 10.a.3)	220.460	206.478
Held-to-maturity assets	158	158
Non-current financial derivative assets	4.664	-
Assets at fair value	10.167	10.167
Total	1.135.873	1.117.636

10.a.1 Non-current receivables from group companies

Details of non-current financial receivables from Group companies are as follows:

	Balance as at 31.12.22	Balance at 31.12.21
Fomento de Construcciones y Contratas, S.A.	806.479	806.479
Total	806.479	806.479

On 28 September 2018, FCC Aqualia, S.A. entered into an agreement with Fomento de Construcciones y Contratas, S.A. which entailed the non-extinguishing modifying novation of the two loans existing to date between the two companies since 8 June 2017, the date of issue of the bonds by FCC Aqualia, S.A. (Note 15-b). For this loan, which had a joint balance of 806,479 thousand euros for all the above items, a single maturity was set for 28 September 2048 and an interest rate of 3.55% to be accrued in 12-month periods starting on 30 November of each year.



10.a.2 Non-current receivables from third parties

Expected maturities of non-current loans granted by Group companies to third parties are as follows:

As at 31 December 2022:

Amounts in thousands of euros	2024	2025	2026	2027	2028 onwards	Total
Non-trade credits	8.606	8.608	8.637	8.699	30.776	65.326
Deposits and bonds	96	20	785	-	27.718	28.619
Total	6.888	5.530	4.609	4.606	74.574	93.945

As at 31 December 2021:

Amounts in thousands of euros	2023	2024	2025	2026	2027 onwards	Total
Non-trade credits	8.542	8.496	8.520	8.548	35.598	69.704
Deposits and bonds	758	1	15	-	23.876	24.650
Total	9.300	8.497	8.535	8.548	59.474	94.354

Non-current receivables from third parties are classified according to the following types:

Amounts in thousands of euros	Balance as at 31.12.22	Balance at 31.12.21
Non-current loans to public entities	65.308	69.686
Non-current deposits and guarantees	28.619	24.650
Non-current loans to staff	18	18
TOTAL BALANCE OF NON-TRADE RECEIVABLES	93.945	94.354

Non-current loans to public entities mainly include amounts granted to municipalities in Spain to finance works and installations in the water network. These loans bear interest at a variable rate based on Euribor and are generally recovered from the tariff of the associated concession contracts, or through the establishment of finalist fees approved by the Administration.

CREDITS TO THIRD PARTIES (Amounts in thousands of euros)		FINAL MATURITY	
	31.12.22	31.12.21	< 5 YEARS > 5 YEARS
Alboraya Town Hall	806	1.060	>2027
Alcalá de Henares Town Council	1.896	2.224	>2027



Aller Town Council		50	2023	
Ávila City Council	470	470		>2027
Bollullos Par del Condado Town Council	1.379	1.413		>2027
Calasparra Town Council	42	83	2024	
Callosa del Segura Town Council	-	1.197		>2027
Caravaca de la Cruz Town Council	44	80		>2027
Chipiona Town Council	599	1.282		>2027
Cristina Town Council	8	24		>2027
El Vendrell Town Council	62	62		>2027
Gáldar Town Council	2.528	2.770		>2027
Gúímar Town Council	88	88		>2027
Hellín Town Council	1	4	2024	
Hondón de los Frailes Town Council	-	8	2023	
Jaén City Council	18.788	21.628		>2027
La Guardia Town Council	335	353		>2027
La Línea Town Council	753	780		>2027
Lepe Town Hall	8.509	10.287		>2027
Llera City Council	-	36	2023	
La Albuera Town Council	-	48		>2027
Magán Town Council	60	92		>2027
Platja d'Aro Town Council	3077	2544		>2027
Medina del Campo Town Council	46	53		>2027
Olivenza City Council		175		>2027
Priego de Córdoba Town Council	2.792	-		2025
Ribera del Fresno Town Council	278	278		>2027
Ronda City Council	1.660	1.892		>2027
San Pedro del Pinatar Town Council	211	240		>2027
San Lorenzo del Escorial Town Council	1.916	1.916		>2027
Sant Fost Town Council	24	59		>2027
Solana de Los Barros Town Council	51	74		>2027
Turcia Town Council	9	9		>2027
Vélez-Málaga Town Council	5.323	6.520		>2027
Villarrubia de Santiago Town Council	139	144		>2027
General Menacho Base	79	96		>2027
Campo de Gibraltar Region	4.788	4.890		>2027
Manc. Costa Tropical Granada	8.239	6.757		2031
Magenta Loan	308	-		2025
Total Loans to third parties	65.308	69.686		

Deposits and guarantees basically correspond to those made for legal or contractual obligations in the development of the Group companies' activities, mainly those made with public entities for guarantees received from customers for water supply services (see note 15.c).

10.a.3 Non-current receivables from concession agreement

The Group recognises under this heading the fair value of the construction services provided under concession contracts which, in accordance with IFRIC 12, do not present demand risk because the



characteristics of the contract guarantee the amount recognised. During the operation of the infrastructure, the asset is measured at amortised cost and the related finance income is taken to income on the basis of the effective interest rate resulting from forecasts of the flows of collections and payments under the concession.

The main financial assets under this heading are as follows (in thousands of euros):

	Balance as at 31.12.22	Balance at 31.12.21	Granting entity
Mostaganem Desalination Plant (Algeria)	128.543	123.374	Algeria - Algerian Energie Co. S.p.a.
El Realito Aqueduct (Mexico)	56.738	53.037	Mexico - State Water Commission
Guaymas Desalination Plant (Mexico)	28.826	24.470	Mexico - State Water Commission
WWTP Cuernavaca (Mexico)	6.353	5.597	Mexico - State Water Commission
Total	220.460	206.478	

At 31 December 2022 the Group holds as a non-current concession asset an amount of Euros 128,543 thousand (Euros 123,374 thousand at 31 December 2021) relating to the Mostaganem desalination plant (Algeria). This amount is recognised at the present value of future cash flows, discounted at a discount rate of 8.7% and considering an expiry date for the concession of 30 September 2036.

Also under the same heading is the non-current collection right of the concession held by Aquos El Realito, S.A. de C.V., which consists of a drinking water pipeline in Mexico. The amount has been recognised at the present value of future collection flows discounted at a discount rate of 7.6% and considering an expiry date of the concession in 2036.

10.b) Other current financial assets

The composition of the balance at 31 December 2022 and 2021 is as follows:

Amounts in thousands of euros	Balance as at 31.12.22	Balance as at 31.12.21
Other credits	52.745	58.406



Short-term loans to companies accounted for using the equity method (note 23.d)	4.328	5.625
Short-term loans to FCC Group companies (note 23.d)	6.105	5.998
Short-term loans to non-group third parties	13.715	10.679
Current deposits with credit institutions	2.990	10.735
Current collection right concession agreement	24.615	24.293
Dividend receivable from joint ventures and associates (note 23.d)	-	65
Dividends receivable from companies accounted for using the equity method (note 23.d)	992	1.011
Deposits and guarantees lodged	11.747	20.278
TOTAL	64.492	78.684

The Group has made current deposits with credit institutions of its cash surpluses, mainly obtained from contracts in Egypt in the amount of EUR 1,990 thousand and France in the amount of EUR 1,000 thousand (in 2021 obtained from contracts in Egypt in the amount of EUR 6,264 thousand and France in the amount of EUR 4,470 thousand).

There is no limitation on their availability, except for "Deposits and guarantees provided", which relate to amounts provided as security for certain contracts that will be redeemed on maturity.

11. STOCKS

The composition of the stock balance at 31 December 2022 and 2021 corresponds to the following breakdown:

<i>(Amounts in thousands of euros)</i>	Balance as at 31.12.22	Balance at 31.12.21
Raw materials and other supplies	28.015	20.380
Advances from suppliers	13.424	13.749
Deteriorations	(70)	(70)
Pre-project/project start-up costs	159	159
TOTAL	41.528	34.218

Raw materials and other supplies include spare parts, fuels and other materials necessary for the development of activities.

Advances from suppliers are payments to suppliers, usually in cash, on account of future supplies.



12. TRADE AND OTHER RECEIVABLES

a) Customers for sales and services

The breakdown of trade receivables for sales and services as at 31 December 2022 and 2021 is as follows:

(thousands of euros)	Balance as at 31.12.22	Balance at 31.12.21
Certified production receivable and sales receivables	272.844	192.089
Production executed and to be certified	135.862	119.443
Guarantee withholdings	7.381	10.812
Invoiced production to Group companies pending collection	36.571	34.835
Provisions for doubtful debts	(85.025)	(49.688)
TOTAL BALANCE OF CUSTOMERS FOR SALES AND SERVICES RENDERED	367.633	307.491

The heading "Certified production pending collection and receivables from sales" includes the amount of certifications issued to customers for work performed and services rendered and pending collection at the consolidated balance sheet date. Within this heading, there are no significant balances with a relevant ageing, with more than 50 % of the amount in the above table being less than six months old.

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 2.d.16 "Operating income and expenses", and the amount certified for each of them is recognised as "Production executed and pending certification". At 31 December 2022, "Production executed and pending certification" includes Euros 18,621 thousand relating to construction work and Euros 117,241 thousand relating mainly to the supply of water to subscribers pending invoicing at that date (Euros 20,280 thousand in construction work and Euros 99,163 thousand at 31 December 2021).

The changes in the provisions for bad debts during the period 31 December 2021 to 31 December 2022 and 31 December 2020 to 31 December 2021 are as follows:

(thousands of euros)	2022	2021
Opening balance	49.688	48.405
Net allocations	6.052	1.491
Perimeter variations	28.976	(55)
Conversion differences	309	(153)
Closing balance	85.025	49.688

The net provisions for the year were recognised with a charge to "Other operating expenses" in the accompanying consolidated income statement at 31 December 2022.



b) Other debtors

The composition of the balance of "Other receivables" as at 31 December 2022 and 31 December 2021 corresponds to the following breakdown:

(thousands of euros)	Balance as at 31.12.22	Balance at 31.12.21
General government - Receivable for subsidies granted (note 19)	34.284	34.338
Sundry debtors	32.327	15.850
VAT receivable (note 19)	29.437	25.291
Social security debtors (note 19)	1.065	772
Inland revenue, indirect taxes borne (note 19)	4.963	3.591
TOTAL BALANCE OF OTHER DEBTORS	102.076	79.842

The balance of "Receivable from public authorities - Receivable from subsidies granted" is due to balances receivable for subsidies granted for R&D projects and for operating deficits receivable on water services.

The balance of the "Sundry debtors" caption records balances receivable related to the Group's ordinary activity, including the compensation obtained through a court ruling in 2022 for expenses incurred in the Caltanissetta contract (Italy) amounting to Euros 10,182 thousand.

13. CASH AND CASH EQUIVALENTS

Since the date of issue of the bonds mentioned in Note 15, the Group manages its treasury autonomously and has therefore increased its cash levels considerably as a result of its capacity to generate cash flows. At 31 December 2021, the Parent Company had a short-term loan of Euros 200,000 thousand which was fully deposited in a bank account.

(thousands of euros)	Balance as at 31.12.22	Balance at 31.12.21
Treasury	246.406	601.923
TOTAL	246.406	601.923

The breakdown of cash, by currency, is as follows:

TREASURY AND CASH EQUIVALENTS		
Breakdown by currency (thousands of euros)	Balance as at 31.12.22	Balance as at 31.12.21
Balboa	-	6
Czech koruna	8.033	18.668



US Dollar	4.132	3.460
Euros	178.279	540.587
Algerian Dinar	14.565	21.473
Dirham United Arab Emirates	1.109	1.236
Lari Georgia	12.635	-
Leu Romanian	90	-
Egyptian Pound	1.070	3.583
Peso Chile	182	242
Peso Colombia	4.212	581
Peso Mexico	9.084	7.741
Marco Bosnio	-	1
Rial Qatar	4.549	907
Saudi Riyal	8-347	3.415
Sol Peru	108	23
Sucre	11	-
TOTAL	246.406	601.923

In connection with the bond issue carried out by the Parent 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 2022 of EUR 51,136 thousand (EUR 259,956 thousand at 31 December 2021). These amounts include the balances of the debt service accounts amounting to Euros 17,088 thousand at 31 December 2022 and Euros 26,979 thousand at 31 December 2021.

14. EQUITY

The consolidated statement of changes in equity at 31 December 2022 and 2021 shows the changes in equity attributable to equity holders of the Parent for the two financial years.

Equity attributable to shareholders of the Parent Company

a) Share capital



The share capital of FCC Aqualia, S.A. is represented by 145,000,000 ordinary bearer shares with a par value of 1 euro each. All the shares have the same rights and are fully subscribed and paid up. The Company's shares are not listed on the stock exchange.

As indicated in Note 1, in 2018 Fomento de Construcciones y Contratas, S.A. sold 49 % of its share capital to Global Infracore Spain, S.L.U., owned by the IFM investment fund, and transferred 10 % of its shareholding to a 100 % FCC group company called FCC MIDCO, S.A., with the shareholding being distributed as follows:

Shareholder	Number of titles	% of direct participation
Fomento de Construcciones y Contratas, S.A.	59.450.000	41,00
Global Infracore 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.

On 15 December 2022, the Parent Company, at its General Shareholders' Meeting, approved a dividend distribution charged to Reserves in the amount of 30,450 thousand euros, which has been fully paid out before 31 December 2022.

On 29 March 2021, the Parent Company, at its General Shareholders' Meeting, approved a dividend charged to reserves in the amount of 60,000 thousand euros, which was fully paid in March 2021.

b) Share premium and reserves

The composition of this heading at 31 December 2022 and 2021 is as follows:

Amount in thousands of euros	Balance as at 31.12.22	Balance at 31.12.21
Parent Company Reserves	420.783	376.344
Consolidation reserves	81.737	39.670
	502.520	416.014

b.1) Parent Company reserves

Reserves set up by the Group's Parent Company, FCC Aqualia, S.A., in compliance with the various applicable legal provisions and, where applicable, for retained earnings from previous years.

The composition as at 31 December 2022 and 2021 is as follows:

Amount in thousands of euros	Balance as at 31.12.22	Balance as at 31.12.21
Share premium	79.481	79.481
Legal reserve	29.000	29.000



Voluntary reserves	279.591	235.152
Special bookings	76	76
Goodwill reserves	32.635	32.635
	420.783	376.344

Share premium and voluntary reserves

The Capital Companies Act expressly permits the use of the share premium balance to increase capital and does not establish any specific restriction as to the availability of the share premium balance for other purposes.

Voluntary reserves are reserves that have been freely constituted through profits of the Parent Company after the distribution of dividends and the allocation to legal reserves in accordance with current legislation, and for which there is no limitation or restriction on their availability.

Legal reserve

In accordance with the Capital Companies Act, an amount equal to 10% of the parent company's profit for the year must be transferred to the legal reserve until it reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders, except in the event of liquidation.

The legal reserve may be used to increase the capital to the extent of the balance of the legal reserve that exceeds 10% of the increased capital.

Except for the above-mentioned purpose, and as long as it does not exceed 20% of the share capital, this reserve may only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At 31 December 2022 and 31 December 2021, this reserve was fully funded.

Goodwill reserve

Pursuant to the provisions of article 273.4 of the Consolidated Spanish Companies Act in force until 31 December 2015, the Parent Company set aside a restricted reserve for the amount of goodwill appearing on the asset side of the consolidated balance sheet over a period of 20 years, the balance of which at 31 December 2022 and 2021 is Euros 32,635 thousand.

In accordance with the amendments made to the Spanish Corporate Enterprises Act by Act 22/2015 of 20 July on the Audit of Accounts, as of financial years beginning on 1 January 2016, the Company will discontinue contributions to this reserve for goodwill, which will be available from this financial year onwards in the amount exceeding the goodwill recognised on the assets side of the balance sheet.



b.2) Consolidation reserves

This item in the accompanying consolidated balance sheet includes the reserves in fully consolidated companies and companies accounted for using the equity method, generated from the time of acquisition.

The amounts comprising this item for each of the most significant companies at 31 December 2022 and 2021 are as follows:

Amount in thousands of euros	Balance as at 31.12.22	Balance at 31.12.21
FCC Aqualia, S.A.	63.769	54.589
Abrantaqua, S.A.	1.548	1.317
Aguas De Las Galeras, S.L.	39	35
Acque di Caltanissetta, S.p.A.	6.624	5.269
AISA Montenegro	(2.776)	(2.535)
Aisa Pristina LLC	413	567
Aisa D.O.O. Beograd-Vracar	(2.870)	(2.800)
Aguas de Elvas, S.A.	1.241	956
Agua do Fundao, S.A.	765	535
Aguas de Alcázar, S.A.	0	(413)
Aigües de Vallirana, S.A.	1.805	1.945
Aquajerez, S.L.	(34.728)	(40.522)
Aqualia Mace LLC	(164)	(247)
Aquos el Realito, S.A. de CV	3.750	3.843
AIE Costa Tropical de Granada	(2.127)	(681)
Aqualia Czech, S.L.U.	(31.776)	(31.666)
Aqualia Desalacion Guaymas S.A. De C.V.	6.849	3.540
Aqualia France	1.184	8.743
Aqualia Intech, S.A.	37.314	35.479
Aqualia Latin America	(1.422)	(843)
Aqualia México, S.A de C.V.	2.306	5.318
Aqualia Infraestructuras Inzenyring	(28.973)	(27.408)
Aqualia New Europe, B.V.	2.443	(83)
Aguas Do Cartaxo, S.A.	429	345
CEG, S.A.S.	(1.533)	(629)
Codeur, S.A.	261	-
Conservación y Sistemas, S.A.	254	262
Constructora de Infraestructuras de Aguas de Queretaro SA de CV	(5.684)	(5.625)
Constructora de Infraestructuras de Aguas de Potosí SA de CV	(8.697)	(8.701)
Depurplan 11, S.A.	581	509
Ecosistema de Morelos, S.A. de C.V.	1.768	803
Empresa Gestora de Aguas Linenses	2.639	1.294
Entemanser, S.A.	(17.007)	(20.500)
FCC Aqualia América, S.A., Unipersonal	(698)	(282)
FCC Aqualia USA CORP	(863)	(54)



Amount in thousands of euros	Balance as at 31.12.22	Balance at 31.12.21
Girona, S.A.	1.546	1.627
Hidrotec Water Technology, S.L.U.	15.567	12.056
Infraestructura y distribución general del agua, S.L.U.	(2.693)	(2.291)
Servicios Hídricos de Agricultura y Ciudad (previously Inversora Riutort, S.L.)	(310)	(148)
Operadora El Realito S.A. De C.V.	307	321
Orasqualia Construction, S.A.E.	499	499
Orasqualia DEVEL.Waste T.P.S.A.E.	10.898	11.875
Orasqualia O&M	1.714	1.199
HA Proyectos especiales Hidráulicos S.R.L. de C.V.	1.180	1.180
Proveimientos d'aigua, S.A.	578	513
Qatarat Saqia Desalination	2.761	1.379
Shariket Tahlya Miyah Mostaganem	32.669	34.827
Severomoravske Vodovody a Kanalizace Ostrava	3.563	(12.212)
Sociedad Española de Aguas Filtradas, S.A.	2.036	858
Societe Des Eaux De Fin D'Oise, S.A.S.	(4.919)	(4.948)
Sociedad Ibérica del Agua S.A.	193	116
Suministro de Aguas de Querétaro, S.A. de C.V.	315	261
Tratamiento Industrial de aguas, S.A.	15.649	9.011
Vodotech Spol SRO.	1.329	958
Georgia Global Utilities	1.718	-
Other companies	473	229
Total Consolidation Reserves	81.737	39.670

FCC Aqualia, S.A. includes an amount of 63,769 thousand euros at 31 December 2022 (54,589 thousand euros at 31 December 2021) as consolidation reserves for those arising from the distribution of dividends from the subsidiaries each year, which become reserves of the Parent Company the following year.

(c) Valuation adjustments

This item includes cash flow hedging derivatives (note 22) as well as translation differences arising from the translation into euro of the financial statements of subsidiaries denominated in another currency.

Details as at 31 December 2022 and 2021 (in thousands of euros):

	Balance as at 31.12.22	Balance at 31.12.21
Valuation adjustments	3.592	(227)
Conversion differences	30.145	(15.829)
	33.737	(16.056)



The amounts comprising the Valuation Adjustments for each of the most significant companies at 31 December 2022 and 2021 (in thousands of euros):

	Balance as at 31.12.22	Balance as at 31.12.21
Aquajerez, S.L.	2.757	(472)
Aquos el Realito, S.A. de C.V.	568	(22)
Qatarat Saquia Desalination	267	267
	3.592	(227)

The amounts comprising the translation differences for each of the subsidiaries with a functional currency other than the euro at 31 December 2022 and 2021 are as follows:

Amounts in thousands of euros	Balance as at 31.12.22	Balance at 31.12.21
Algeria	(3.072)	(6.145)
Shariket Tahlya Miyah Mostaganem S.p.a.	(3.072)	(6.145)
Mexico	561	(1.505)
Aqualia México, S.A. de C.V.	(4.021)	(4.175)
Suministro Aguas de Querétaro, S.A. de C.V.	(79)	(125)
Constructora de Infraestructuras de Agua de Querétaro, S.A. de C.V.	(213)	363
Aquos El Realito, S.A. de C.V.	2.227	849
Operadora El Realito, S.A. de C.V.	4	(28)
HA Proyectos especiales Hidráulicos S.R.L. de C.V.	(23)	(137)
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	733	1.519
Aqualia desalacion Guaymas S.A. de C.V.	1.206	20
Aqualia Gestión Los Cabos	353	92
Ecosistema De Morelos S.A. De C.V.	374	117
Egypt	(18.290)	(12.678)
Orasqualia Devel. Waste. T.P.	(16.621)	(11.518)
Orasqualia Construction S.A.E.	(561)	(594)
Orasqualia O&M	(1.108)	(566)
Czech Republic	14.170	5.858
Aqualia Czech, S.L.U.	7.453	1.796
Smvak	8.112	4.919
Aqualia Infrastructures Inzenyryng, s.r.o.	(1.511)	(918)
Vodotech Spol, s.r.o.	116	61
United States	(127)	(92)
FCC Aqualia USA Corp.	(127)	(92)
Colombia	(3.889)	(1.287)
Aqualia Latinoamérica, S.A.	(1.107)	(1.235)
Aqualia Villa Del Rosario S.A.	(74)	(41)
Sera. Q.A. Duitama E.S.P. S.A.	(13)	(11)
Aqualia Flanders S.A.S.E.S.P.	(425)	-



Amounts in thousands of euros	Balance as at 31.12.22	Balance at 31.12.21
Aqualia Colombia S.A.S.	317	-
Naunet S.A.S.	(39)	-
Aguas De La Península S.A. E.S.P.	(20)	-
Aquamag S.A. E.S.P.	(54)	-
Aguas De Aracataca S.A.S.	(18)	-
Aguas De Albania S.A. E.S.P.	7	-
Aguas Del Sur Del Atlántico S.A. E.S.P.	(6)	-
Aguas De La Sabana S.A. E.S.P.	(2.457)	-
Serbia	(76)	(72)
Aisa D:O:O: Beograd-Vracar	(76)	(72)
Abu Dhabi	520	394
Aqualia MaceLLC	520	394
Saudi Arabia	738	(329)
H.A.A. & Co. Integrated Serv	102	(59)
Qatarat Saquia Desalination	660	(270)
South Cluster SPV LLC	(24)	-
Qatar	(29)	(9)
Aqualia Qatar	(29)	(9)
Oman	111	36
Oman Sustainable Water Services SAOC	111	36
Georgia	39.528	-
Aqualia Georgia LLC	(8)	-
Georgia Global Utilities JSC	39.536	-
Total conversion differences	30.145	(15.829)

The main change in 2022 is due to the inclusion in the scope of Georgia Global Utilities JSC and its subsidiaries domiciled in Georgia, due to the revaluation of the Georgian lari since its acquisition in January. There is also an increase in the translation differences of Aqualia Czech, due to the application of IAS 21 for the loan granted in 2022 and denominated in Czech crowns to Severomoravske Vodovody a Kanalizace Ostrava A.S. (Smvak), producing an increase in translation differences of 7,543 thousand euros in the year. The main change in 2021 is in the Czech company Severomoravske Vodovody to Kanalizace Ostrava A.S. (Smvak) due to the revaluation of the Czech koruna in the year.

The main balances of net investments abroad, grouped by geographical market and expressed in thousands of euros, are shown below:

Amounts in thousands of euros	Balance as at 31.12.22	Balance at 31.12.21
Mexico	46.731	47.980
Czech Republic	290.304	80.036
United States	2.344	1.424
Serbia	2.849	2.779
Algeria	8.987	11.115
Saudi Arabia	6.051	22.065
Colombia	62.438	19.476



Georgia	304.298	-
United Arab Emirates	1.307	276
Other	67	444
TOTAL	725.376	185.595

d) Consolidated profit attributable to the Parent Company by company.

The breakdown of consolidated profit attributable to the Parent Company by company is as follows:

Amounts in thousands of euros	31.12.22	31.12.21
Abrantaqua, S.A.	151	231
Acque di Caltanissetta, S.p.A.	9.624	1.018
Aguas de Albania S.A. E.S.P.	(3)	-
Aguas de Alcázar Empresa Mixta, S.A.	-	413
Aguas de Aracataca S.A.S.	38	-
Aguas de Archidona, S.L.	(7)	5
Aguas de Denia, S.A.	(58)	28
Aguas De Guadix, S.A.	56	69
Aguas de la Península S.A. E.S.P.	242	-
Aguas de la Sabana de Bogotá S.A. E.S.P.	236	-
Aguas de las Galeras, S.L.	372	543
Aguas de Narixa, S.A.	231	8
Aguas de Priego, S.L.	-	(66)
Aguas del Puerto Empresa Municipal, S.A.	(330)	(371)
Aguas del Sur del Atlántico S.A. E.S.P.	64	-
AIE Costa Tropical de Granada	2.156	708
Sorea-Aqualia EIG	(36)	-
AIE Costa Brava Aqualia-Sorea Water Supply	-	(2)
Aigües de Blanes, S.A.	(7)	12
Aigües de Vallirana, S.A.U.	138	198
Aigües Del Vendrell, S.A.	(203)	(19)
Aqua Campiña, S.A.	128	211
Aquaervas - Aguas de Elvas, S.A.	344	285
Aquafundalia - Agua do Fundão, S.A.	189	230
Aquajerez, S.L.	2.800	2.762
Aqualia Colombia S.A.S.	(157)	-
Aqualia Czech, S.L.	9.075	(102)
Aqualia desalación Guaymas, S.A. de C.V.	(3.991)	3.310
Aqualia Flanders S.A.S.E.S.P.	(21)	-
Aqualia France, S.A.S.	(4.068)	(3.445)
Aqualia Georgia LLC	(174)	-
Aqualia Gestión Los Cabos, S.A. de C.V.	(144)	9
Aqualia Infrastructures Beograd-Vracar	(63)	(70)



Amounts in thousands of euros	31.12.22	31.12.21
Aqualia Infrastructures Inzenyring, s.r.o.	1.571	1.476
Aqualia Infraestructuras Montenegro	(94)	(241)
Aqualia Infrastructures Pristina, LLC	(23)	(154)
Aqualia Intech, S.A.	(128)	285
Aqualia Latinoamérica, S.A.	(6.376)	(579)
Aqualia MACE LLC	1.074	1.255
Aqualia México, S.A. de C.V.	2.280	(3.012)
Aqualia New Europe B.V.	-	37
Aqualia Portugal	(1)	(8)
Aqualia Qatar	738	267
Aqualia Villa Del Rosario S.A.	(556)	(92)
Aquamag S.A. E.S.P.	208	-
Aquamaior - Aguas de Campo Maior, S.A.	(2)	(12)
Aquos El Realito, S.A. de C.V.	(961)	(93)
Cartagua - Aguas do Cartaxo, S.A.	111	85
CEG, S.A.S.	914	1.010
Codeur, S.A.	(194)	13
Compagnie Armoricaïne Des Eaux	(20)	-
Compañía de Servicios Medioamb. do Atlántico, S.A.	2	4
Concesionaria de Desalación de Ibiza, S.A.	(201)	162
Conservación y Sistemas, S.A.	64	(8)
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	26	4
Constructora de Infraestructuras de Aguas de Querétaro, S.A. de C.V.	(3)	(59)
Depurplan 11, S.A.	815	719
Ecosistema De Morelos S.A. De C.V.	(224)	965
EMANAGUA - Empresa Municipal de Aguas de Níjar, S.A.	101	34
Empresa Gestora de Aguas Linenses, S.L.	141	1.345
Mixed company Abastament en Alta Costa Brava, S.A.	-	30
Empresa Mixta d'Aigües de la Costa Brava, S.A.	-	36
Empresa mixta de Aguas de Jódar, S.A.	(21)	18
Empresa Mixta de Aguas de Langreo, S.L.	(53)	(29)
Empresa Mixta de Aguas de Ubrique, S.A.	9	8
Empresa Mixta de Aguas y Servicios, S.A.	(10)	59
Empresa Municipal Aguas de Algeciras, S.A.	3	9
Empresa Municipal Aguas de Benalmádena, S.A.	123	285
Empresa Municipal Aguas de Toxiría, S.A.	(12)	18
Empresa Municipal de Aguas de Linares, S.A.	(11)	143
Entemanser, S.A.	509	23
FCC Aqualia América, S.A.U.	(1)	-
FCC Aqualia USA CORP.	(1.388)	(1.226)
Flores, Rebollo Y Morales, S.L.	-	(11)
Genesis Lodos, S.L.	(1)	-
FCC Aqualia, S.A.	57.996	67.594
Gestión de Servicios Hidráulicos de Ciudad Real AIE	57	52
Girona, S.A.	(37)	(82)
Georgia Global Utilities Group	25.255	-



Amounts in thousands of euros	31.12.22	31.12.21
H.A.A. & Co. Integrated Serv	(80)	19
Hidrotec Water Technology, S.L.U.	1.159	3.512
Infraestructuras y Distribución General de Agua, S.L.	55	(124)
Naunet S.A.S.	65	-
New Company of Aguas de Ibiza, S.A.	(6)	18
Oman Sustainable Water Services SAOC	707	398
Operadora El Realito S.A. de C.V.	32	(14)
Orasqualia Devel. Waste Treatment Plant S.A.E.	1.786	1.617
Orasqualia Operation and Maintenance, S.A.E.	658	478
Proveïments d'Aigua, S.A.	7	64
Qatarat Saquia Desalination	1.671	1.383
Servicios Hídricos Agricultura Y Ciudad, S.L.U.	(66)	(161)
Severomoravske Vodovody to Kanalizace Ostrava a.s.	15.745	15.774
Shariket Tahlya Miyah Mostaganem	3.982	3.466
Sociedad Española de Aguas Filtradas, S.A.	1.614	1.175
Sociedad Ibérica del Agua, S.A.U.	75	77
Societe Des Eaux De Fin D'Oise, S.A.S.	4.368	4.289
South Cluster SPV LLC	360	-
Suministro de Aguas de Querétaro, S.A. de C.V.	56	59
Tratamiento Industrial de Aguas, S.A.	4.256	6.374
Vodotech Spol, s.r.o.	466	371
Water Sur, S.L.	10	17
TOTAL	135.182	115.087

e) Minority interests

This heading in the accompanying consolidated balance sheet includes the proportional part of the net equity and after-tax profit for the year of the subsidiaries in which the Group's minority shareholders hold interests.

The composition of the balance at 31 December 2022 and 2021 by item of the main companies with minority interests is as follows:

Amounts in thousands of euros	Net Equity	Conversion differences	Outstanding disbursements	Interest rate hedging transactions	Results	Total
Balance as at 31.12.2022						



Abrantaqua, S.A.	1.159	-	-	-	101	1.260
Aguas de la Sabana S.A. E.S.P.	3.650	(622)	(599)	-	60	2.489
Aqua Campiña, S.A.	(56)	-	-	-	14	(42)
Acque di Caltanisseta, S.P.A.	136	-	(266)	-	42	(88)
Entemanser, S.A.	-	-	-	-	16	16
Shariket Tahlya Miyah Mostganem	119.715	(8.975)	-	-	11.635	122.375
Aguas do Cartaxo, S.A.	1.026	-	-	-	74	1.100
Aqualia Mace LLC	(126)	500	-	-	1.032	1.406
Aqualia Mace Qatar	(17)	(28)	-	-	709	664
Aquos El Realito, S.A. de C.V.	9.459	2.140	-	546	(923)	11.222
H.A.A. & Co. Integrated Serv	2.933	98	-	-	(77)	2.954
Qatarat Saquia Desalination	15.060	634	-	256	1.605	17.555
South Cluster SPV LLC	68	(29)	(40)	-	440	439
Georgia Global Utilities Group	(6.314)	(352)	-	-	6.314	(352)
Rest	161	(7)	1	-	64	219
TOTAL	146.854	(6.641)	(904)	802	21.106	161.217

Amounts in thousands of euros	Net Equity	Conversion differences	Outstanding disbursements	Interest rate hedging transactions	Results	Total
Balance at 31.12.2021						
Abrantaqua, S.A.	1.005	-	-	-	154	1.159
Aguas de Alcazar Empresa Mixta S.A.	(376)	-	-	-	376	-
Aqua Campiña, S.A.	(98)	-	-	-	24	(74)
Acque di Caltanisseta, S.P.A.	457	-	(266)	-	16	207
Entemanser, S.A.	-	-	-	-	1	1
Shariket Tahlya Miyah Mostganem	126.021	(17.952)	-	-	10.125	118.194
Aguas do Cartaxo, S.A.	969	-	-	-	57	1.026
Aqualia Mace LLC	50	379	-	-	1.206	1.635
Aqualia Mace Qatar	(273)	(8)	-	-	256	(25)
Aquos El Realito, S.A. de C.V.	9.548	816	-	(21)	(89)	10.254
H.A.A. & Co. Integrated Serv	2.915	(57)	-	-	18	2.876
Qatarat Saquia Desalination	13.732	(259)	-	256	1.328	15.057
Rest	211	(1)	-	-	99	309
TOTAL	154.161	(17.082)	(266)	235	13.571	150.619

During the 2022 financial year, the main variations recorded under this heading were due, firstly, to the revaluation of the Algerian dinar, which affected the company Shariket Tahlya Miyah Mostganem, which recorded an increase of 8,977 thousand euros for this item, and the increase due to the business combination of the companies Aguas de la Sabana and South Cluster.

During the financial year 2021, the main variation occurs in the company Shariket Tahlya Miyah Mostganem, due to the result of the financial year and the revaluation experienced by the Algerian dinar, registering a total increase of 13,139 thousand euros.

15. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

a) Non-current and current payables to credit institutions



The detail as at 31 December 2022 and 2021 is as follows (in thousands of euros):

Balance as at 31.12.22	NON CURRENT	CURRENT	TOTAL
Credit Lines and Loans	1.140.895	8.014	1.148.909
Accrued interest to be settled	-	1.528	1.528
Debts limited resource project financing	45.950	6.569	52.519
	1.186.845	16.111	1.202.956

Balance at 31.12.21	NON CURRENT	CURRENT	TOTAL
Credit Lines and Loans	49.428	206.581	256.009
Accrued interest to be settled	-	933	933
Debts limited resource project financing	48.325	6.074	54.399
	97.753	213.588	311.341

This debt is recorded at amortised cost and its fair value does not vary significantly.

At 31 December 2022, the limit of credit facilities and loans granted to the FCC Aqualia Group amounts to 1,206,059 thousand euros (1,210,808 thousand euros at 31 December 2021), with a drawn down balance of 1,202,956 thousand euros at 31 December 2022 (1,201,428 thousand euros at 31 December 2021).

The average interest rate on bank borrowings in 2022 and 2021 was basically the result of the conditions of the various interbank markets, referenced to Euribor.

All non-current and current bank borrowings and loans drawn down at 31 December 2022 and 2021 are denominated in Euros, except for bank borrowings in Georgia which are denominated in Georgian Lari and those in Colombia which are denominated in Colombian Pesos. These bank borrowings have been contributed by the companies acquired in 2022 in the respective countries and will be repaid in 2023. The limited recourse project finance debts are denominated in Saudi Arabian Riyadh and Mexican Pesos.

Bank borrowings are broken down by company at 31 December 2022 and 2021 as follows (amounts in thousands of euros):

Society	Limit	2022.12	2021.12	Start date	Expiry date	Interest rate
Credit lines and loans						
FCC Aqualia S.A.	-	-	200.000	23.12.2021	31.07.2022	EURIBOR 3M+0.05%.
FCC Aqualia S.A.	1.100.000	1.095.830	-	04.11.2021	31.01.2023	EURIBOR 3M+0.10%.
Aquajerez, S.L. (Note 15.c)	48.574	48.574	52.936	21.07.2016	15.07.2031	EURIBOR 6M+ 1.75%.
Other Amounts owed to credit institutions in Spain	771	460	1.723			
Amounts owed to credit institutions in Georgia	1.150	1.000	-			
Debts owed to credit institutions in Colombia	3.045	3.045	-			



Interests		1.528	933			
Debts limited resource project financing						
Aquos El Realito, S.A. de C.V.	41.047	41.047	40.045	16.03.2011	24.03.2029	TIE 28D 3.25%.
Qatarat Saquia Desalination	11.472	11.472	14.354	04.03.2018	06.08.2026	Saivor 3M 2.25% Saivor 3M 2.25% Saivor 3M
Interests		-				
Total	1.206.059	1.202.956	309.991			

In 2022, the Parent Company has signed a long-term syndicated financing agreement with a group of banks in which Caixabank acts as agent bank, coordinating entity and sustainability agent.

The main features of this contract are as follows:

- Maximum amount available: 1,100,000,000 euros.
- Interest. Calculated at Euribor + 0.97 on the amount drawn down and paid in 6-month periods.
- Maturity: 22 June 2025 with the possibility of extending for a further year.
- Purpose. Financing or refinancing of eligible projects, which are all those investment projects that the Company or its subsidiaries, in the ordinary course of their business, have launched prior to the signing of this contract or will launch in the future and that meet the eligibility criteria established in the Sustainable Financing Framework Agreement.
- Debt instruments to be refinanced:
 - The USD 250 million bond issue by Georgia Global Utilites (GGU) with an initial maturity of 30 July 2025.
 - The bilateral financing contracts signed between the Company and Caixabank between 21 November 2021 and 28 March 2022 for successive amounts of 600,000, 200,000 and 300,000 thousand euros, of which an aggregate amount of 975,000 thousand euros has been drawn down at signature.
- Funding entities. The name and participation of the entities involved in the contract are as follows:

Funding Entity	Amount financed
Caixabank, S.A.	450.000
BBVA, S.A.	76.000
Credit Agricole Corporate Investment Bank, Suc. in Spain	76.000



ING Bank NV, Branch in Spain	100.000
Banco de Sabadell, S.A.	76.000
Komerční Banka, A.S.	55.000
Société Générale, Sucursal en Espagne	21.000
Intesa San Paolo, S.P.A. Branch in Spain	76.000
Kutxabank, S.A.	70.000
Banco de Crédito Social Cooperativo, S.A.	50.000
Unicaja Banco, S.A.	50.000
Total	1.100.000

- ESG reporting. The Company has to provide the Sustainability Agent with a periodic funding review report regarding the allocation of funds to eligible projects verified by an independent expert.

In addition, the financing obtained entails another series of formal obligations for the financed party, such as:

- Delivery of audited annual financial information to the agent bank no later than 180 days after the closing of such information.
- Report prior to the payment of dividends to its shareholders or the raising of new indebtedness and send a certificate showing the calculations before and after payment or the raising of such indebtedness showing that the consolidated net debt ratio is equal to or less than 5.

At 31 December 2021, the Parent Company had been granted a credit facility of Euros 900,000 thousand, with a drawn down amount of Euros 200,000 thousand, as a contingent facility maturing on 4 May 2022, extendable 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 accrued a structuring fee of Euros 900 thousand, of which Euros 450 thousand was recognised and pending disbursement at 31 December 2021.

b) Bonds and other marketable securities

The detail of this heading is as follows (in thousands of euros):

	Balance as at 31.12.22		Balance at 31.12.21	
Non-current	Bonds	Interests	Bonds	Interests
Irish-listed plain vanilla bond issue	648.284	-	647.924	-
Issuance of uncovered bonds listed in the Czech Republic	-	-	-	-



Total non-current	648.284	-	647.924	-
Currents				
Irish-listed plain vanilla bond issue	-	-	699.625	15.301
Issuance of uncovered bonds listed in the Czech Republic	-	-	217.007	2.598
Total current	-	-	916.632	17.899

The movement between 31 December 2021 and 2022 is as follows (in thousands of euros):

	Balance at 31.12.21	Amortisation	Allocation to profit and loss	Exchange rate adjustment and other	Balance as at 31.12.22
Debt securities issued within the E.U., which have been required to have a prospectus filed	1.564.556	(935.352)	449	18.631	648.284
	1.564.556	(935.352)	449	161.460	648.284

The movement between 31 December 2020 and 2021 is as follows (in thousands of euros):

	Balance at 31.12.20	Allocation to profit and loss	Exchange rate adjustment and other	Balance as at 31.12.21
Debt securities issued within the E.U., which have been required to have a prospectus filed	1.551.520	1.611	11.425	1.564.556
	1.551.520	1.611	11.425	1.564.556

b.1 Issuance of plain vanilla bonds listed in Ireland.

In the context of the aforementioned Refinancing Agreement (note 10.a.1) of 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 Parent Company for an aggregate maximum nominal amount of €1,350,000,000,000.

Subsequently, on 1 June 2017, the Irish Stock Exchange ("Irish Stock Exchange") approved the prospectus in relation to two issues of Parent Company senior secured plain vanilla bonds with the following features:

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



Finally, on 8 June 2017, the Parent 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 on an unregulated market.
- Both issues have the following guarantees:
 - o 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.
 - o 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.
 - o Pledge on 98 % of the shares of Acque di Caltanissetta and on 100 % of Aqualia Mexico, S.A.C.V.
 - o Pledge on balances of certain accounts (see note 13)

On 19 April 2022, the Parent Company redeemed early the bond issue scheduled to mature on 8 June 2022.

Under the heading "Current liabilities and bonds with third parties", the Parent Company records an amount of Euros 15,301 thousand at 31 December 2021 for accrued interest payable.

The price of the bonds maturing in June 2027 is 91.259% at 31 December 2022 (109.749% at 31 December 2021).

In addition to the guarantees set out in the preceding paragraphs, the simple bond issues by FCC Aqualia have placed 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 (note 15.b.2), Shariket Talhya Mostaganem and Aquajerez (note 15.a.), 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 group's parent company and its investees whose shares are pledged except for capital increases permitted under the terms and conditions of the issue.

b.2 Issuance of simple bonds listed in the Czech Republic.

This related to the issue in July 2015 by Severomoravske Vodovody to Kanalizace Ostrava a.s. of non-convertible bonds in the amount of CZK 5.4 billion maturing in 2022 and bearing interest at a fixed rate of 2.625 % p.a. The bonds were listed on the Prague Stock Exchange in the Czech Republic. These bonds are listed on the Prague Stock Exchange (Czech Republic).

In June 2022, the Parent Company has granted a loan to its Czech subsidiary which has enabled it to redeem the bond issue.

The share price of these bonds at 31 December 2021 was 98.477 %.

No guarantees were granted in connection with this issue.

c) Other non-current financial liabilities

The detail of this item in the consolidated balance sheet is as follows:

Amounts in thousands of euros	2022	2021
Bonds and deposits received	47.472	44.464
Long-term suppliers of fixed assets to group companies	1.032	1.169
Long-term suppliers of fixed assets	62.154	60.700
Financial derivative liabilities	584	1.599
Non-current financial liabilities	71.191	15.135
Other	30	-
TOTAL	182.463	123.067

"Deposits and deposits received" records the amounts received from subscribers of water services at the time of service provision. In some territories there is an obligation to deposit these deposits received with a public body. The amount deposited is recorded in "Non-current deposits" (see note 10.a.2).

"Long-term suppliers of fixed assets" includes a non-current liability of Euros 61,109 thousand at 31 December 2022 (Euros 59,427 thousand at 31 December 2021) for future payment obligations incurred by application of IFRS 16 on "Leases" (see note 2.b). This liability is recognised at the present



value of the future cash flows of each lease. In addition, there is a liability of Euros 1,032 thousand at 31 December 2022 and Euros 1,169 thousand at 31 December 2021 with FCC Group companies in this connection.

The balance of the item "Non-current financial debts" consists mainly of the financial debt that the Group has with the third party shareholder of the companies Aquos el Realito, Qatarat Saquia Desalination and Georgia Global Utilities JSC for respective amounts of Euros 7,397 thousand, Euros 5,331 thousand and Euros 54,331 thousand at 31 December 2022 (at 31 December 2021 it corresponded to Euros 6,666 thousand for Aquos el Realito and Euros 5,021 thousand for Qatarat Saquia Desalination).

The indebtedness arising to the other shareholder of Georgia Global Utilities is based on the fact that the Parent and Georgia Capital have granted each other a put option and a call option, respectively, over GCAP's remaining 20% interest in the share capital of GGU. The put option granted to GCAP may be exercised in each of the two semi-annual 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.

The one for Qatarat Saquia Desalination bears an annual interest rate of 5 %.

d) Other current financial liabilities

Its detail is as follows:

Amounts in thousands of euros	2022	2021
Remaining short-term financial debt with FCC Group companies	1.648	1.720
Short-term suppliers of fixed assets with FCC Group companies IFRS16	631	465
Short-term payables	336	80
Suppliers of short-term fixed assets	21.404	17.833
Bonds and deposits received	3.897	1.810
Dividend asset payable to non-group third parties	367	6.707
Current financial liabilities, third parties	14.291	12.343
TOTAL	42.574	40.958

The item "Other short-term financial debts with FCC Group companies" basically includes the balances generated by the Group companies with FCC, S.A. as a result of collections and payments on behalf of this company with FCC Aqualia Group companies and is not remunerated as it is settled in a very short period of time.

The item "Suppliers of short-term fixed assets" includes the current IFRS16 liability of Euros 8,091 thousand (Euros 8,892 thousand at 31 December 2021).



The main change in the heading "Dividend assets payable to third parties outside the group" is due to the payment of dividends from Shariket Thalya Miyah Mostaganem, amounting to 6,449 thousand euros.

e) Maturities of bank borrowings and other non-current financial liabilities.

The expected maturity schedule as at 31 December 2022 and 2021 is as follows:

Year 2022

Amounts in thousands of euros	2024	2025	2026	2027	2028 ONWARDS	TOTAL
Bonds and other marketable securities (note 15.b)	-	-	-	648.284	-	648.284
Non-current bank borrowings (note 15.a)	12.542	1.100.854	5.200	5.389	62.860	1.186.845
Other non-current financial liabilities (note 15.c)	19.529	68.362	6.000	6.023	82.549	182.463
TOTAL	32.071	1.169.216	11.200	659.696	145.409	2.017.592

Year 2021

Amounts in thousands of euros	2023	2024	2025	2026	2027 ONWARDS	TOTAL
Bonds and other marketable securities (note 15.b)	-	-	-	-	647.924	647.924
Non-current bank borrowings (note 15.a)	8.903	8.556	7.284	6.652	66.358	97.753
Other non-current financial liabilities (note 15.c)	16.388	7.814	12.770	5.759	80.336	123.067
TOTAL	25.291	16.370	20.054	12.411	794.618	868.744

f) Other information

In relation to the financial liabilities contracted by the Group, there are mandatory ratios, and at 31 December 2022 there are no defaults that could affect the Group's main financing contracts. It is not expected that there will be any default in 2023.

g) Changes in financial liabilities impacting financing cash flows

Below is a detail of the movements in non-current and current financial liabilities, distinguishing those that have had an impact on the financing cash flows in the Statement of Cash Flows from the rest of the changes:



	Balance at 1 January 2022	Cash flows from financing activities	No impact on cash flows			Balance as at 31 December 2022
			Exchange rate differences	Change in fair value	Other movements	
Non-current	868.744	841.315	22.013	(1.069)	286.589	2.017.592
Bonds and other marketable debt securities (note 15.b)	647.924	(159.951)	17.482	-	142.829	648.284
Amounts owed to credit institutions (note 15.a)	97.753	992.125	5.001	-	91.966	1.186.845
Other financial liabilities (note 15.c)	123.067	9.141	(470)	(1.069)	51.794	182.463
Currents	1.189.076	(1.046.913)	3.779	-	(77.566)	68.376
Bonds and other marketable debt securities (note 15.b)	934.530	(927.227)	2.388	-	-	9.691
Amounts owed to credit institutions (note 15.a)	213.588	(110.383)	309	-	(87.403)	16.111
Other financial liabilities (note 15.d)	40.958	(9.303)	1.082	-	9.837	42.574

	Balance at 1 January 2021	Cash flows from financing activities	No impact on cash flows			Balance as at 31 December 2021
			Exchange rate differences	Change in fair value	Other movements	
Non-current	1.812.827	(21.714)	11.036	(5.109)	(928.296)	868.744



Bonds and other marketable debt securities (note 15.b)	1.551.520	1.020	6.311	-	(910.927)	647.924
Amounts owed to credit institutions (note 15.a)	133.074	(29.322)	3.158	-	(9.157)	97.753
Other financial liabilities (note 15.c)	128.233	6.588	1.567	(5.109)	(8.212)	123.067
Currents	93.936	165.911	6.382	-	922.847	1.189.076
Bonds and other marketable debt securities (note 15.b)	17.762	587	5.255	-	910.926	934.530
Amounts owed to credit institutions (note 15.a)	18.787	184.737	466	-	9.598	213.588
Other financial liabilities (note 15.d)	57.387	(19.413)	661	-	2.323	40.958

16. NON-CURRENT AND CURRENT PROVISIONS

The composition as at 31 December 2022 and 2021 of the provisions is as follows (in thousands of euros):

	2022	2021
Non-current		
Long-term employee benefit obligations	4.396	3.783
Litigation	6.276	8.900
Guarantees and contractual or legal obligations	5.452	6.189
Actions to improve or expand concession capacity	155.080	149.763
Other risks and expenses	13.352	29.864
TOTAL NON-CURRENT PROVISIONS	184.556	198.499
Currents		
Settlement and construction losses	9.538	10.748
Compensation for works personnel	1.215	1.133
Other provisions	3.624	2.080
TOTAL CURRENT PROVISIONS	14.377	13.961

The movement in the various provisions during each year in the periods analysed is as follows:

(Amounts in thousands of euros)	Non-current provisions	Current provisions
---------------------------------	------------------------	--------------------



Balance as at 31.12.20		140.026	13.274
	Endowments	93.904	6.005
	Reversals	(6.722)	(3.807)
	Exits	(26.723)	(1.757)
	Conversion differences	(1.986)	246
Balance at 31.12.21		198.499	13.961
	Endowments	49.880	6.804
	Reversals	(22.626)	(3.277)
	Exits	(37.693)	(2.562)
	Conversion differences	(3.504)	(549)
Balance as at 31.12.22		184.556	14.377

In 2022, the provisions amounted to Euros 56,684 thousand, including provisions of Euros 36,125 thousand in the "Provision for concession capacity improvement and expansion activities" for the commitments acquired by the Group so far this year to undertake investments. In addition, the provision includes an amount of Euros 5,701 thousand corresponding to the financial restatement of provisions.

In 2021, the provisions amounted to EUR 99,909 thousand, including EUR 85,505 thousand in the "Provision for concession capacity improvement and expansion measures" for the commitments acquired by the Group so far this year to undertake investments. In addition, the provision includes an amount of Euros 2,718 thousand corresponding to the financial restatement of provisions.

In 2022 and 2021, the Group has recognised a provision of Euros 5,447 thousand (Euros 4,108 thousand at 31 December 2021) for the negative equity of two equity accounted companies domiciled in Mexico, Constructora de Infraestructura de Aguas de Querétaro and Constructora de Infraestructura de Aguas de Potosí, as the directors consider this to be a future cash outflow.

Other provisions for liabilities and charges" at 31 December 2021 included a provision of EUR 7,600 thousand for the out-of-court settlement reached between the parties and endorsed by the full council in December 2021, for which judicial approval was obtained in the current year.

The timing of expected disbursements at 31 December 2022 and 2021 arising from obligations covered by non-current provisions is as follows:

YEAR 2022 (Thousands of euros)	UNTIL 5 YEARS	OVER 5 YEARS	BALANCE A 31/12/2022
Long-term employee benefit obligations	1.797	2.599	4.396
Litigation	5.656	620	6.276
Legal or contractual obligations and warranties	5.452	-	5.452
Actions to improve or expand concession capacity	73.822	81.258	155.080
Other provisions for liabilities and charges	11.137	2.215	13.352
TOTAL	97.864	86.692	184.556



YEAR 2021 (Thousands of euros)	UNTIL 5 YEARS	OVER 5 YEARS	BALANCE A 31/12/2021
Long-term employee benefit obligations	1.470	2.314	3.784
Litigation	8.900	-	8.900
Legal or contractual obligations and warranties	6.176	13	6.189
Actions to improve or expand concession capacity	67.893	81.871	149.764
Other provisions for liabilities and charges	28.000	1.862	29.862
TOTAL	112.439	86.060	198.499

Long-term employee benefit obligations

Non-current provisions include those covering the Group companies' pension and similar obligations such as medical and life insurance.

Litigation

These cover the risks of the FCC Aqualia Group companies involved as defendants in certain lawsuits for the liabilities inherent to the activities they carry out, without these lawsuits giving rise, according to the directors, to liabilities additional to those already recognised at 31 December 2022.

Guarantees and contractual or legal obligations

This includes provisions to cover the cost of obligations arising from contractual and legal commitments of a non-environmental nature such as removal of installations at the end of certain contracts and costs to ensure the quality of service.

In relation to contractual or legal guarantees, the Group's directors highlight the following disputes pending resolution to date:

- The Italian Public Prosecutor's Office has initiated legal proceedings against Acque di Caltanissetta, 99.6% owned by FCC Aqualia, for non-compliance with environmental regulations on wastewater discharges, after the company was awarded the contract for the integral water cycle in Caltanissetta (Sicily).

The Group expects that the conclusion of the investigation will not have material consequences beyond the amounts provided for in these consolidated financial statements.

Actions to improve or expand concession capacity

These are those created when the Group 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" (note 7).



Other risks and expenses

This heading includes risks not included in the above headings, including contractual liabilities that may give rise to a future payment obligation.

17. OTHER CREDITORS

The composition of the balance of "Other payables" at 31 December 2022 and 2021 corresponds to the following breakdown (in thousands of euros):

	2022	2021
General government - VAT payable (Note 19)	18.188	14.416
General government - Social security organisations creditors (Note 19)	8.980	7.849
General government - Withholding tax payable (Note 19)	4.498	4.071
Taxes receivable - Payable for other items (Note 19)	66.435	70.814
Remunerations to be paid	9.230	7.486
Customer advances	45.779	38.516
Creditors and other non-trade payables	164.764	148.360
TOTAL BALANCE OF OTHER CREDITORS	317.874	291.512

The heading "Taxes receivable - Payable for other items" includes the amounts collected by the FCC Aqualia Group companies from their customers on behalf of the public authorities in respect of taxes pending settlement (Note 19).

The heading "Creditors and other non-trade payables" includes balances payable by the Group for services rendered.

18. SUBSIDIES

The movement in this heading during the financial years 2022 and 2021 is as follows:

(Thousands of euros)	2022	2021
Balance at 1 January	38.719	44.364



Additions for the year	1.971	1.335
Exits	(446)	(4.178)
Recognition of subsidies for intangible and tangible assets in profit or loss	(2.953)	(2.854)
Conversion differences	-	52
Balance at 31 December	37.291	38.719

The FCC Aqualia Group has obtained additions in 2022 amounting to 1,971 thousand euros (1,335 thousand euros in 2021), including those obtained in Italy for the partial financing of the Caltanissetta investment plan amounting to 1,512 thousand euros (901 thousand euros at 31 December 2021).

In 2022, the Group received a grant of Euros 402 thousand to partially finance the construction of a desalination plant in Guaymas (Mexico). The amount obtained in this connection at 31 December 2021 was Euros 305 thousand. As work certifications are made and the non-current collection right is recognised by concession agreement, it records a collection of the same by application of the grant obtained.

At 31 December 2022, the Group recognised an amount of Euros 29,237 thousand (Euros 24,789 thousand in 2021) in the consolidated income statement as operating subsidies (Note 21) for the subsidies granted by the town councils of the municipalities in which the Group provides the integral water cycle service and in recognition of the concession holder's operating deficit on these concessions, as stipulated in the respective specifications and contract.

The amounts receivable at 31 December 2022 and 2021 in this connection are shown in Notes 12 and 19.

19. TAX SITUATION

This note describes the items in the accompanying consolidated balance sheet and consolidated income statement relating to the tax obligations of each of the Group companies, such as deferred tax assets and liabilities, tax receivables and payables and income tax expense.

Since 13 February 2019, FCC Aqualia, S.A. has been the head of the 233/19 Tax Group, which includes all the companies with tax domicile in Spain that meet the requirements established by current tax legislation.

At 31 December 2022, FCC Aqualia S.A. is open to inspection for the taxes applicable to it for all years for which the statute-of-limitations period has not expired. In 2022, the inspection to which the Parent Company was subject for corporate income tax in Spain for the years 2015 to 2017 was completed due to its membership in those years of the 18/89 Tax Group, of which Fomento de Construcciones y Contratas is the parent company.

a) Public administrations



The composition at 31 December 2022 and 2021 of current assets and liabilities to public authorities is as follows (in thousands of euros):

Current assets

	2022	2021
H.P. Receivable for grants awarded (note 12)	34.284	34.338
VAT receivable (note 12)	29.437	25.291
Social security debtors (note 12)	1.065	772
Inland revenue, indirect taxes borne (note 12)	4.963	3.591
	69.749	63.992

Current liabilities

	2022	2021
Withholdings on account of personal income tax and corporate income tax (income from work and income from movable capital) (note 17)	4.498	4.071
Value added tax (note 17)	18.188	14.416
Social security organisations, creditors (note 17)	8.980	7.849
Rest of general government (Note 17)	66.435	70.814
	98.101	97.150

Rest of Public Administrations" includes amounts payable for taxes and duties for which the Group manages their collection on behalf of the Public Administration in connection with services rendered to customers.

b) 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 taken to income in the following year, while deferred tax liabilities basically relate to those arising from the allocation of the acquisition difference arising on the purchase of companies, taxable income of joint ventures which are to be taken to income in the following year, and the depreciation allowance.



In accordance with accounting regulations, the Group has offset the deferred tax assets and liabilities corresponding to the tax group of which the parent company FCC Aqualia S.A. is the head, as it is legally entitled to offset them and, in accordance with Spanish tax legislation, they will be settled at their net amount based on their reversal schedule. At 31 December 2022, deferred tax assets and liabilities amounting to Euros 9,286 thousand (Euros 12,075 thousand at 31 December 2021) have been offset.

The following table shows a breakdown of the main deferred tax assets and liabilities.

DEFERRED TAX ASSETS		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Provisions	13.346	15.801
Pension plans	325	203
Depreciation	3.325	3.949
For the result of joint ventures carried forward and adjustments thereto	1.840	2.904
For intra-group transactions in the sale and purchase of fixed assets	6.398	5.917
Capitalised taxable income	7.390	3.635
For reversal of the financial capitalisation of the concession arrangement in IFRS	8.224	8.429
Other differences	5.468	2.349
Offsetting of deferred tax liabilities of the Tax group	(9.286)	(12.075)
TOTAL	37.030	31.112

The offsetting of deferred tax liabilities of the tax group is mainly due to the results of the joint ventures in the amount of EUR 1,873 thousand as at 31 December 2022 (31 December 2021: EUR 4,107 thousand) and the allocation of goodwill in the amount of EUR 3,278 thousand as at 31 December 2022 (31 December 2021: EUR 4,324 thousand).

DEFERRED TAX LIABILITIES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
For freedom of depreciation	25.849	24.161
For the allocation of goodwill	25.059	17.645
Difference between accounting and tax depreciation - concessions in Mexico	12.680	10.539
Difference between book and tax depreciation - concessions in Algeria	664	4.054
Other adjustments	10.870	8.543
Offsetting of deferred tax liabilities of the Tax group	(9.286)	(12.075)
TOTAL	65.836	52.867

The expected maturities of the deferred taxes before the aforementioned offset in the Spanish tax group headed by FCC Aqualia, S.A. are presented below:

	Amounts in thousands of euros						TOTAL
	2023	2024	2025	2026	2027	2028 ONWARDS	
Deferred tax assets	8.398	5.771	2.461	2.355	2.211	25.120	46.316



Deferred tax liabilities	5.345	3.404	3.237	2.159	1.900	59.077	75.122
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c) Reconciliation between the accounting result and the tax base

Below is the theoretical reconciliation between the accounting profit and the taxable profit (amounts in thousands of euros) by applying consolidation criteria to the reconciliations between the accounting profit and the taxable profit of all the companies in the accounting perimeter. This reconciliation has no practical effect because the accounting perimeter is wider than the perimeter of the FCC Aqualia Tax Group.

YEAR 2022

Consolidated accounting profit for the year before taxation			191.813
	Increases	Decreases	
Consolidation adjustments and eliminations	1.154	(3.807)	(2.653)
Permanent differences	1.200	(30.055)	(28.855)
Offsetting B.I. from previous years			
Adjusted consolidated accounting result			160.305
Time differences:			
- For other adjustments (mainly provisions and allowances)	15.554	(9.895)	5.659
- For depreciation	361	(2.468)	(2.107)
- For carryovers of the result of the UTEs to the following financial year	18.376	(10.351)	8.025
- Tax effect IFRS16	327	(36)	291
- Adjustment of deferred tax assets for intra-group results	3.146	(1.331)	1.815
Activation and offsetting of tax credit			(14.757)
Consolidated tax base (tax result)			159.231

YEAR 2021

Consolidated accounting profit for the year before taxation			171.516
	Increases	Decreases	
Consolidation adjustments and eliminations	832	(3.647)	(2.815)
Permanent differences	3.141	(1.191)	1.950
Offsetting B.I. from previous years			
Adjusted consolidated accounting result			170.651
Time differences:			
- For other adjustments (mainly provisions and allowances)	18.605	(7.692)	10.913
- For depreciation	212	(2.403)	(2.191)
- For carryovers of the result of the UTEs to the following financial year	19.712	(15.667)	4.045
- Tax effect IFRS16	768	(21)	747
- Adjustment of deferred tax assets for intra-group results	2.889	(1.226)	1.663
Activation and offsetting of tax credit			(551)



Consolidated tax base (tax result)

185.277

At 31 December 2022 and 2021, "Consolidation adjustments and eliminations" mainly relate to the results of companies accounted for using the equity method.

The income tax expense accrued in the year amounts to EUR 35,525 thousand, as reflected in the accompanying consolidated income statement (EUR 42,860 thousand in 2021).

d) Tax recognised in equity.

There are no significant taxes recognised in equity in 2022 and 2021.

e) Reconciliation between accounting profit and corporate income tax expense.

YEAR 2022	(thousands of euros)
Adjusted consolidated accounting result	160.305
Corporate income tax liability	38.237
Deductions and allowances	(4.699)
Other adjustments	1.987
Corporate income tax accrued	35.525
YEAR 2021	
Adjusted consolidated accounting result	170.651
Corporate income tax liability	45.592
Deductions and allowances	(1.020)
Other adjustments	(1.712)
Corporate income tax accrued	42.860

The parent company of the FCC Aqualia Group has a balance of Euros 4,998 thousand payable to the tax authorities in respect of companies with tax domicile in Spain that belong to the FCC Aqualia tax group (group number 233/19) (Euros 7,042 thousand at 31 December 2021).

f) Tax losses and deductions pending application

The FCC Aqualia Group has capitalised tax losses amounting to Euros 7,390 thousand at 31 December 2022 (Euros 3,635 thousand at 31 December 2021) relating mainly to the losses obtained by the branch in Algeria, which are expected to be recovered in less than 5 years when this permanent establishment is liquidated, and to the losses obtained by the holding company of the holding in Severomoravske Vodovody a Kanalizace Ostrava.



(g) Years open for inspection and inspection actions

In 2022, the tax audit initiated by the Spanish Tax Agency on corporate income tax for 2015 to 2017 was completed without significant consequences for these financial statements, as the Company belongs in those years to the 18/89 Tax Group, of which Fomento de Construcciones y Contratas is the parent company. In relation 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.

As at 20 December 2021, the Parent Company signed tax assessments with agreement relating to the tax inspection carried out by the Spanish Tax Agency on value added tax and withholdings and income on account for work and professionals for the period from 1 July 2016 to 31 December 2017, which entailed a payment obligation of Euros 441 thousand for the Parent Company and which at 31 December 2021 was provisioned in Other Provisions (note 16) and which have been paid in the current year.

20. GUARANTEES GIVEN TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2022, the Group had provided guarantees to third parties, mostly to public bodies and private customers to secure the execution of works and contracts, amounting to EUR 262,865 thousand (31 December 2021: EUR 249,010 thousand).

FCC Aqualia, S.A. and the Group's subsidiaries are involved as defendants in certain lawsuits arising from the liabilities inherent to the Group's various activities in the performance of contracts awarded and for which provisions have been made (see note 16), and it is estimated that the liabilities that might arise therefrom, considering the existing provisions, would not significantly affect the Group's equity.

As indicated in note 9, the participation of Group companies in joint ventures managed through joint ventures, joint ventures, joint ventures, economic interest groupings and other entities with similar legal characteristics means that the participating partners share joint and several liability for the activity carried out.

The Parent's directors consider that no significant liabilities will arise from these joint and several guarantees.



21. INCOME AND EXPENDITURE

Operating income

Group companies record operating income under "Revenue", except for operating subsidies which are recognised as "Other operating income" in the consolidated income statement.

Turnover consists mainly of two items:

- Water supply. This includes the amount corresponding to the cubic metres supplied to subscribers valued at the sale price. The sale price is established for each contract on the basis of the tariffs approved by each corresponding public body.
- Sale of works and services. This includes the amount corresponding to construction work and activities carried out by the Group, for the most part, in relation to the provision of the integral water cycle in those municipalities in which it has been awarded the same or in relation to water infrastructures in which it has been awarded the concession contract.

The amount of the sale of construction work is calculated by applying the percentage of completion method, which consists of valuing the units of work completed during the period at the selling price established in the contract and recognising the expenses incurred thereon.

The difference between the amount of production of each of the contracts and the amount invoiced for each of them up to the consolidated balance sheet date, for both water and works, is recorded as "Production executed and pending certification" under "Trade receivables for sales and services rendered" (Note 12).

The distribution of net turnover by type of activity is as follows:

TURNOVER BY TYPE OF ACTIVITY		
<i>(Amount in thousands of euros)</i>		
	31.12.2022	31.12.2021
Supply	680.306	587.986
Sanitation	197.374	192.996
Debugging	157.071	131.619
Hydraulic works	172.218	158.419
Desalination	85.098	69.349
Other income	31.088	29.081
TOTAL	1.323.155	1.169.450

The Group does not present analytical profit and loss or balance sheet information by business segment as its main activity is the integral water cycle, and it is treated as a whole, as a single segment in all the



items of both financial statements. Except for turnover, this segment is shown by activity in accordance with the information included in the table above.

The distribution of net revenues by geographical location of the Group is as follows:

GEOGRAPHICAL LOCATION		
(Amounts in thousands of euros)	31.12.2022	31.12.2021
Spain		
Andalusia	244.159	230.070
Aragon	11.476	11.426
Asturias	32.320	30.813
Balearic Islands	37.979	37.747
Canary Islands	62.848	53.798
Cantabria	23.514	21.653
Castilla La Mancha	78.120	75.870
Castilla y León	48.930	48.273
Catalonia	68.054	70.821
Valencian Community	42.483	38.607
Extremadura	43.945	44.292
Galicia	74.656	63.077
Madrid	42.486	42.397
Murcia	33.073	32.756
Navarre	3.351	2.824
Basque Country	2.928	2.105
La Rioja	6.016	5.938
Melilla	5.063	1.702
Total Spain	861.401	814.169
International		
Saudi Arabia	32.956	32.400
Algeria	41.739	37.138
Chile	686	657
Colombia	30.462	28.201
Ecuador	-	667
Egypt	21.843	28.669
United Arab Emirates	15.639	11.591
France	26.525	20.771
Georgia	65.292	-
Italy	50.876	45.440
Mexico	17.170	18.907
Montenegro	(358)	-
Oman	725	272
Portugal	14.905	14.637
Qatar	17.791	2.294
Czech Republic	120.364	110.815
Romania	4.734	2.822
Tunisia	405	-
Total International	461.754	355.281
TOTAL	1.323.155	1.169.450

The composition of "Other operating income" is as follows:

Amounts in thousands of euros	2022	2021
Income from operating subsidies (Note 18)	29.237	24.789



Income from miscellaneous services	13.167	16.383
Excess provisions for liabilities and charges and others	21.016	6.387
	63.420	47.559

Procurement

The composition of the balance of Procurements is as follows:

Amounts in thousands of euros	2022	2021
Work carried out by subcontractors and other companies	165.407	155.313
Purchasing and procurement	371.144	291.568
	536.551	446.881

Staff costs

The following is a breakdown of staff costs:

Amounts in thousands of euros	2022	2021
Wages and salaries	256.570	235.261
Social Security	77.703	73.224
Other staff costs	10.830	7.526
	345.103	316.011

The average number of employees of the Group, distributed by professional category, is as follows:

CATEGORIES	No. of employees		Men		Women	
	2022	2021	2022	2021	2022	2021
Executives and managers	141	124	127	116	14	8
Controls	1.375	1.079	1066	862	309	217
Technicians	2.516	1.791	1760	1.223	756	568
Administrative	1.195	1.200	311	359	884	841
Various trades	6.860	5.702	6492	5.378	368	324
TOTAL	12.087	9.896	9.756	7.938	2.331	1.958

The Group employs 12,672 employees at year-end 2022 (9,785 employees at year-end 2021), broken down by category and gender, as follows:



CATEGORIES	No. of employees		Men		Women	
	2022	2021	2022	2021	2022	2021
Executives and managers	147	111	133	104	14	7
Controls	1.477	1.103	1.130	885	347	218
Technicians	2.545	1.818	1.756	1.222	789	596
Administrative	1.233	1.221	317	354	916	867
Various trades	7.270	5.532	6.876	5.240	394	292
TOTAL	12.672	9.785	10.212	7.805	2.460	1.980

As at 31 December 2022, the Group employs 133 people with a disability of 33% or more (120 people as at 31 December 2021).

Other operating expenses

Details of other operating expenses are shown below:

Amounts in thousands of euros	2022	2021
External services	161.405	159.474
Tributes	12.614	8.381
Losses, impairment and changes in provisions for trading operations	9.970	6.751
Other current administrative expenditure	8.669	6.573
	192.658	181.179

Financial income and expenses

The composition of financial income is as follows:

Amounts in thousands of euros	2022	2021
Income from holdings in equity instruments of third parties	36	-
Interest on loans to FCC group companies	30.504	31.472
Interest on receivables from third parties	8.907	5.455
TOTAL	39.447	36.927

Financial expenses

The composition of financial expenses is as follows:



Amounts in thousands of euros	2022	2021
Interest on bonds, debentures and other marketable securities	30.859	33.640
Interest on debts owed to credit institutions	21.048	11.223
Interest on debts owed to group companies IFRS 16	29	34
Interest on debts owed to third parties IFRS 16	1.586	1.596
Financial update of provisions	5.701	2.718
TOTAL	59.223	49.211

22. POLICIES IN FINANCIAL RISK MANAGEMENT

The concept of financial risk refers to the variation in the financial instruments contracted by the Group due to political, market and other factors and their impact on the consolidated annual accounts.

The FCC Aqualia Group'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 Group's operations, with the risk policy being correctly integrated into the Group's organisation.

Capital risk management

The FCC Aqualia Group, following the guidelines given by its majority shareholder, manages its capital to ensure that the Group's companies will be able to continue as profitable businesses while maximising shareholder return through the optimal balance of debt and equity.

The Group's strategy as a whole continues to focus on geographic diversification with the opening of markets mainly in Europe, LATAM and MENA.

The Group's capital structure comprises debt (consisting of the loans and credit facilities detailed in Note 15), cash and cash equivalents (Note 13) and shareholders' equity, which includes capital, reserves and retained earnings, as discussed in Note 14.

The Group's Finance Area, which is responsible for financial risk management, periodically reviews the capital structure and solvency and liquidity ratios.

The cost of capital and the risks associated with it in each investment project are analysed by the Operating Areas and the Economic and Financial Department and subsequently approved or rejected by the corresponding Committee or the Parent Company's Board of Directors, with reports, if necessary, from other functional areas of the Group.



One of the objectives in the investment analysis is to maintain the Net Debt/EBITDA ratio at reasonable levels and within existing commitments.

Exchange rate risk

The current positioning of the FCC Aqualia Group in international markets means that the concept of exchange rate risk, in the global context of the Group, has a moderate incidence.

However, regardless of its significance, the Aqualia Group's policy is to reduce, as far as possible, the negative effect that this risk could have on its consolidated annual accounts, both due to transactional and purely equity movements.

The Group actively manages exchange rate risk by arranging financial transactions in the same currency in which the asset is denominated, i.e. the financing required for the local activity of the company in the country of origin of the investment is always carried out in local currency in order to achieve a natural hedge or "matching" between the cash flows generated with the financing.

Interest rate risk

In view of the nature of the business, in which concession projects require intensive use of capital with payback periods of more than one year, the financing structure also tends to guarantee long-term financial resources, trying to accommodate, within the possibilities offered by the market, the contractual conditions that regulate the resources obtained so as to sufficiently cover the evolution of inflation and the evolution of interest rates. Similarly, working capital management plays an essential role, with the Group's general practice being to try to match the average payment period of its current obligations to the average collection cycle of its current receivables.

Solvency risk

At 31 December 2022, the net financial debt of the FCC Aqualia Group amounts to 831,418 thousand euros (437,796 thousand euros at 31 December 2021), as shown in the following table, which represents 85% (54% in 2021) of equity at that date:

(Thousands of euros)

31.12.22

31.12.21



Amounts owed to credit institutions (note 15)	1.202.956	311.341
Bonds and other marketable securities (note 15)	657.975	1.582.454
Other interest-bearing financial debts	87.864	31.087
Other current financial assets (note 10)	(64.492)	(78.684)
Other non-current financial assets (note 10)	(806.479)	(806.479)
Cash and cash equivalents (note 13)	(246.406)	(601.923)
Net financial indebtedness	831.418	437.796

Liquidity risk

In 2022, the Company signed a syndicated loan for an amount of 1,100,000 thousand euros with a 3-year maturity, extendable to one more year, which has enabled it to meet the following maturities:

- Redemption of the FCC Aqualia bond for a nominal amount of 700,000 thousand euros in April 2022, despite the fact that the final maturity was 8 June 2022.
- Redemption of Severomoravske Vodovody's bond to Kanalizace Ostrava in the nominal amount of CZK 5.4 billion in June 2022 and maturing on 15 July 2022.
- Redemption of the USD 250 million Georgia Global Utilities JSC bond in August 2022 despite maturing in July 2025.

In the third year of the Covid-19 pandemic, the pandemic has had less impact on the accompanying financial statements than in the previous two years in both operational and liquidity terms.

In terms of operational management, the impact of the Covid-19 crisis on the Company has been increasingly limited, with no interruption in service provision or even in sports facilities activities.

At 31 December 2021, the Group had reclassified to current financial liabilities the two bond issues maturing in 2022, the one corresponding to FCC Aqualia maturing on 8 June 2022 and valued at Euros 699,625 thousand and the one corresponding to SmVak maturing on 15 July 2022 and valued at Euros 217,007 thousand. This reclassification resulted in the Group having negative working capital of Euros 622,842 thousand. At 31 December 2022, after obtaining the syndicated loan mentioned in Note 15, the working capital is positive and amounts to Euros 170,907 thousand.

Hedging financial derivatives



The main financial risk hedged by the FCC Aqualia Group through derivative instruments relates to the variation in floating interest rates to which the financing of the Group companies is referenced.

At 31 December 2022 and 2021, the FCC Aqualia Group has contracted the following interest rate hedges that meet the conditions for cash flow hedges:

Amounts in thousands of euros	Fair value 2022	Notional 2022	Fair value 2021	Notional 2021	Expiration
Fully consolidated companies					
Aquajerez	3.676	39.334	(629)	39.334	2031
Aquos el Realito, S.A. de C.V.	988	38.146	(419)	34.375	2025
Qatarat Saquia Desalination	(584)	17.721	(550)	16.692	2024-2026

To a lesser extent, as indicated in previous sections, the Group actively manages exchange rate risk by arranging financial transactions in the same currency in which the asset is denominated, i.e. the financing required for the local activity of the company in the country of origin of the investment is always carried out in local currency, with a view to achieving a natural hedge or "matching" between the cash flows generated with the financing.

As indicated in Note 13, the most significant net assets denominated in a currency other than the Euro held by the FCC Aqualia Group at 31 December 2022 and 2021 are in the Czech Republic. In 2022, the Parent Company has granted a loan to its Czech subsidiary in Czech crowns, the exchange rate effect of which is adjusted for translation differences, as included in IAS 21.

Changes in the fair value of cash flow hedges are recognised, net of the tax effect, under "Valuation adjustments" in equity and are recognised in profit or loss for the year to the extent that the hedged item affects the consolidated income statement.

The valuation of financial derivatives has been carried out by experts in the field, independent of the Group and its financing entities, using generally accepted methods and techniques.

23. TRANSACTIONS WITH DIRECTORS, THE COMPANY'S MANAGEMENT TEAM AND RELATED PARTIES

Board of Directors.

As at 31 December 2022 and 2021, 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.

In 2022 there were no significant transactions involving a transfer of resources or obligations between Group companies and their executives or directors.

Management Team:

The amount accrued for remuneration to the members of the management team for salaries in 2022 amounts to 5,046 thousand euros (4,526 thousand euros in 2021). The management team consists of 18 people in 2022, one fewer than in 2021.

Balances and transactions with FCC group companies and joint ventures and associates are as follows (in thousands of euros):

a) Customers and debtors FCC Group companies and joint ventures and associates

Customers and debtors of group companies, joint ventures and associates	2022	2021
AGUAS DE ARCHIDONA, S.L.	395	233
AGUAS DE GUADIX, S.A.	31	42
AGUAS DE LANGREO, S.L.	668	520
AGUAS DE NARIJA, S.A.	72	42
AGUAS DE PRIEGO, S.L.	-	456



AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	1.469	979
AIE COSTA TROPICAL DE GRANADA	642	565
AIGÜES DEL SEGARRA GARRIGUES, S.A.	21	25
AIGUES DEL VENDRELL	53	46
CIA. DE SERV. MEDIOAMBIEN. DO ATLANTICO	67	62
CODEUR, S.A.	39	1
CONCESIO. DESALACION DE IBIZA, S.A.	77	41
CONST.DE INFRAEST.DE AGUAS POTOSI, SACV	1.975	1.780
CONSTRUCTORA INFRAEST. DE AGUA QUERETARO	52	47
EMP. MIXTA MUNICIPAL DE AGUAS DE NIJAR	2.810	3.783
EMP.MIXTA DE AGUAS DE JODAR, S.A.	875	629
EMP.MUNICIPAL AGUAS DE LINARES	3.538	1.542
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	14.868	9.860
EMPRESA MIXTA DE AGUAS DE UBRIQUE, S.A.	375	370
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	50	27
EMPRESA MPAL. AGUAS DE BENALMADENA, S.A.	474	826
MUNICIPAL COMPANY AGUAS DE TOXIRIA, S.A.	891	931
FAST CONSORTIUM LIMITED LLC	3.804	7.843
FCC CONSTRUCTION	2.856	2.732
FCC INDUSTRIAL AND ENERGY INFRASTRUCTURES + UTES	11	11
FCC, S.A.	154	12
FCC MEDIO AMBIENTE, S.A.	39	31
FEDEMES, S.L.	14	7
GESTION Y VALOR INT.CENTRO, S.L.	1	1
GIRONA, S.A.	-	1
HA PROYECTOS ESPECIALES HIDRAULICOS S.R.L. DE CV.	910	351
MATINSA	9	17
NUEVA SOCIEDAD DE AGUAS DE IBIZA, S.A.	1	1
OMAN SUSTAINABLE WATER SERVICES SAOC	177	232
ORASQUALIA DEVEL.WASTE T.P. S.A.E.	72	16
ORASQUALIA O&M	63	12
VILLENA O&M, S.L.	-	23
TOTAL	37.553	34.097

b) Suppliers and creditors FCC group companies and joint ventures and associates

Suppliers and creditors group companies, joint ventures and associates	2022	2021
AGUAS DE ARCHIDONA, S.L.	3	2
AGUAS DE DENIA, S.A.	376	26
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	7	5
AIE COSTA TROPICAL DE GRANADA	9	2
AIGUES DEL VENDRELL	-	1
ARIDOS DE MELO, S.L.	7	12
ASESORIA FINANCIERA Y DE GESTION, S.A.	79	22
CONST.DE INFRAEST.DE AGUAS POTOSI, SACV	763	371
CONSTRUCTORA INFRAEST. DE AGUA QUERETARO	9	8
ECOACTIVA DE MEDIO AMBIENTE, S.A.	3	4
EMP. MIXTA MUNICIPAL DE AGUAS DE NIJAR	122	137
EMP.MUNICIPAL AGUAS DE LINARES	16	5
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	6.644	3.642



EMPRESA MIXTA DE AGUAS DE UBRIQUE, S.A.	1	1
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	6	6
FAST CONSORTIUM LIMITED LLC	-	94
FCC SCOPE	8	20
FCC CONSTRUCTION INC	7	-
FCC CONSTRUCCION, S.A.	8.992	6.663
FCC EQUAL CEE, S.L.	-	2
FCC INDUSTRIAL AND ENERGY INFRASTRUCTURE	225	159
FCC, S.A.	4.009	3.688
FCC MEDIO AMBIENTE, S.A.	254	171
FEDEMES, S.L.	850	428
GAMASUR CAMPO DE GIBRALTAR, S.L.	16	6
GESTION Y VALOR INT.CENTRO, S.L.	1	-
HA PROYECTOS ESPECIALES HIDRAULICOS S.R.L. DE CV.	2.667	2.412
HORMIGONES Y MORTEROS PREP. S.A. UNIPERSONAL	1	1
MATINSA	2	-
NUEVA SOCIEDAD DE AGUAS DE IBIZA, S.A.	1	-
OPERATIONS AND SER. IND. CONSTRUCTION	109	98
ORASQUALIA O&M	283	-
PROVEIMENTS D'AIGUA, S.A.	8	3
SERVICIOS DOS REIS, S.A. DE C.V.	49	44
SERVICIOS ESPECIALES DE LIMPIEZA, S.A.	3	10
TOTAL	25.530	18.043

c) Non-current loans to FCC Group companies

Amounts in thousands of euros	2022	2021
FCC, S.A.	806.479	806.479
TOTAL	806.479	806.479

d) Current receivables from FCC Group companies and joint ventures and associates.

Short-term receivables from companies accounted for using the equity method	2.022	2.021
AGUAS DE ARCHIDONA, S.L.	28	27
AGUAS DE GUADIX, S.A.	-	2
AGUAS DE LANGREO, S.L.	732	732
AGUAS DE NARIXA, S.A.	-	445
AGUAS DE PRIEGO, S.L.	-	273
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	965	1.813
AIGÜES DEL VENDRELL	305	195
CIA. DE SERV. MEDIOAMBIEN. DO ATLANTICO	2	2
CONST.DE INFRAEST.DE AGUAS POTOSI, SACV	331	298
EMP. MIXTA MUNICIPAL DE AGUAS DE NIJAR	412	474
EMP.MIXTA DE AGUAS DE JODAR, S.A.	89	62
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	581	434



EMPRESA MPAL. AGUAS DE BENALMADENA, S.A.	802	797
MUNICIPAL COMPANY AGUAS DE TOXIRIA, S.A.	72	63
OMAN SUSTAINABLE WATER SERVICES SAOC	9	8
TOTAL	4.328	5.625

Short-term loans to FCC Group companies	2022	2021
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	22	21
AIE COSTA TROPICAL DE GRANADA	24	21
CIA. DE SERV. MEDIOAMBIEN. DO ATLANTICO	12	8
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	3	3
FCC CONSTRUCCION SA	3.526	3.465
FCC, S.A.	2.472	2.472
FCC Medio Ambiente, S.A.	26	-
MATINSA	12	-
OMAN SUSTAINABLE WATER SERVICES SAOC	8	8
TOTAL	6.105	5.998

Dividend receivable from joint ventures and associates	2.022	2.021
AIE SOREA-AQUALIA	-	-
AIE COSTA BRAVA AB. AQUALIA-SOREA	-	65
TOTAL	-	65

Dividends receivable from companies accounted for by the equity method	2.022	2.021
AGUAS DE GUADIX, S.A.	135	104
EMP.MUNICIPAL AGUAS DE LINARES	143	-
ORASQUALIA CONSTRUCTION SAE	141	210
ORASQUALIA DEVEL.WASTE T.P. S.A.E.	236	181
ORASQUALIA O&M	337	501
SUMINISTROS AGUAS DE QUERETARO SACV	-	15
TOTAL	992	1.011

e) Current financial liabilities with FCC Group companies and joint ventures and associates

	2.022	2.021
AGUAS DE ARCHIDONA, S.L.	6	2
AGUAS DE PRIEGO, S.L.	-	4
AIGÜES DEL VENDRELL	15	14
AUGAS MUNICIPAIS DE ARTEIXO, S.A.	1	1
CONSTRUCTORA INFRAEST. DE AGUA QUERETARO	12	12
EMP. MIXTA MUNICIPAL DE AGUAS DE NIJAR	-	7
EMP.MIXTA DE AGUAS DE JODAR, S.A.	273	128
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	187	99
EMPRESA MIXTA DE AGUAS DE UBRIQUE, S.A.	540	573
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	2	2



MUNICIPAL COMPANY AGUAS DE TOXIRIA, S.A.	5	266
FCC CONSTRUCCION, S.A.	62	1
FCC INDUSTRIAL AND ENERGY INFRASTRUCTURE	68	68
FCC, S.A.	636	468
FCC ENVIRONMENT	262	301
PROACTIVE GROUP	13	13
ORASQUALIA O&M	151	-
SISTEMAS Y VEHICULOS DE ALTA TECNOLOGIA, S.A.	47	226
Total	2.280	2.185

f) Turnover

(Thousands of euros)	2022	2021
SUPPLY ALTA COSTA BRAVA MIXED COMPANY	-	1
AGUAS DE ARCHIDONA, S.L.	592	537
AGUAS DE GUADIX, S.A.	141	275
AGUAS DE LANGREO, S.L.	250	249
AGUAS DE NARIXA, S.A.	355	271
AGUAS DE PRIEGO, S.L.	105	193
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	5.267	4.678
AIE COSTA TROPICAL DE GRANADA	605	475
AIE SOREA-AQUALIA	-	11
AIGÜES DEL SEGARRA GARRIGUES, S.A.	96	127
AIGUES DEL VENDRELL	466	451
CIA. DE SERVICIOS MEDIOAMBIENTALES DO ATLANTICO, S.A.	184	177
CODEUR, S.A.	84	22
CONCESSIONARIA DESALACION DE IBIZA, S.A.	370	424
EMP. MIXTA MUNICIPAL DE AGUAS DE NIJAR, S.A.	4.360	4.035
EMPRESA MIXTA DE AGUAS DE JODAR, S.A.	686	583
EMP.MUNICIPAL AGUAS DE LINARES, S.A.	4.365	4.114
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	11.003	10.115
EMPRESA MIXTA DE AGUAS DE UBRIQUE, S.A.	1.035	1.110
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	42	43
EMPRESA MPAL. AGUAS DE BENALMADENA, S.A.	2.136	2.456
MUNICIPAL COMPANY AGUAS DE TOXIRIA, S.A.	1.002	1.058
FAST CONSTRUCTION, LLC	1.219	3.778
FCC CONSTRUCCION, S.A.	170	445
FCC INDUSTRIAL AND ENERGY SERVICES	-	8
FCC, S.A.	(1)	8
FCC MEDIO AMBIENTE, S.A.	65	78
GESTION Y VALOR INT.CENTRO, S.L.	-	1
GIRONA, S.A.	24	24
HA PROYECTOS ESPECIALES HIDRAULICOS S.R.L. DE CV.	520	-
MATINSA, S.A.	28	32
NUEVA SOCIEDAD DE AGUAS DE IBIZA, S.A.	2	2
OMAN SUSTAINABLE WATER SERVICES SAOC	566	272
OPERADORA EL REALITO S.A. DE C.V.	-	19
ORASQUALIA DEVEL.WASTE T.P. S.A.E.	96	96
ORASQUALIA O&M	69	69
SHARIKET MIYEH RAS DJINET, S.P.A.	4.984	4.580
VILLENA O&M, S.L.	-	45



TOTAL GROUP COMPANIES FCC AND ASSOCIATES	40.886	40.862
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The turnover with Fast Construction LLC originates from the works and works carried out for the Riyadh Metro (Saudi Arabia).

g) Purchases and other supplies

(Thousands of euros)	2022	2021
AGUAS DE ARCHIDONA, S.L.	-	(11)
AGUAS DE NARIXA, S.A.	1	-
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	45	31
AIGUES DEL VENDRELL	-	1
MELO ARIDES	98	159
CEMENTOS PORTLAND VALDERRIVAS, S.A.	3	-
CONST.DE INFRAEST.DE AGUAS POTOSI, SACV	3.165	-
ECOACTIVA DE MEDIO AMBIENTE, S.A.	1	1
MIXED MUNICIPAL WATER COMPANY OF NIJAR	993	1.022
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	2.074	2.242
EMPRESA MUNICIPAL DE AGUAS DE TOXIRIA, S.A.	(9)	(10)
FCC AMBITO, S.A.	3	-
FCC INDUSTRIAL E INF. ENERGETICAS, S.A.	60	21
FCC, S.A.	27	39
FEDEMES, S.L.	-	1
GESTION Y VALOR INT.CENTRO, S.L.	1	-
HORMIGONES DELFIN, S.A.	1	-
HORMIGONES REINARES, S.A.	2	2
HANDLING AND RECOVERY. MAREPA, S.A	1	5
NUEVA SOCIEDAD DE AGUAS DE IBIZA, S.A.	85	58
DELTA PREFABRICATED PRODUCTS	9	8
PROVEIMENTS D'AIGUA, S.A.	7	5
SISTEMAS Y VEHICULOS DE ALTA TECNOLOGIA, S.A.	-	1
TOTAL GROUP COMPANIES FCC AND ASSOCIATES	6.567	3.575

h) Work carried out by other companies

(Thousands of euros)	2022	2021
AIE COSTA TROPICAL DE GRANADA	(2)	-
ARIDOS DE MELO, S.L.	98	66
ECOACTIVA DE MEDIO AMBIENTE, S.A.	12	15
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	60	61
MUNICIPAL COMPANY AGUAS DE TOXIRIA, S.A.	-	(3)
FCC AMBITO, S.A.	102	87
FCC CONSTRUCCION, S.A.	455	714



FCC SERVICIOS INDUSTRIALES Y ENERGÉTICOS, S.A.	1.206	218
FCC, S.A.	1	1
FCC MEDIO AMBIENTE, S.A.	32	16
GAMASUR GIBRALTAR, S.L.	51	58
GESTION Y VALOR INT.CENTRO, S.L.	1	-
HANDLING AND RECOVERY. MAREPA, S.A.	1	1
OPERADORA EL REALITO S.A. DE C.V.	45	182
ORASQUALIA O&M	196	-
PROVEIMENTS D'AIGUA, S.A.	6	28
TREATMENTS AND RECOVER. INDUSTRIAL	124	-
TOTAL GROUP COMPANIES FCC AND ASSOCIATES	2.388	1.444

i) Other operating expenses

(Thousands of euros)	2022	2021
AGUAS DE ARCHIDONA, S.L.	1	1
AGUAS DE DENIA, S.A.	256	256
AGUAS DE LANGREO, S.L.	-	8
AIE COSTA TROPICAL DE GRANADA	12	2
AIGÜES DEL VENDRELL	17	20
CEMENTOS PORTLAND VALDERRIVAS, S.A.	1	-
EMP.MIXTA DE AGUAS DE JODAR, S.A.	2	9
EMP.MUNICIPAL AGUAS DE LINARES	16	13
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	95	490
EMPRESA MIXTA DE AGUAS DE UBRIQUE, S.A.	4	-
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	-	1
FCC AMBITO, S.A.	2	3
FCC CONSTRUCCION, S.A.	4.990	3.374
FCC CONSTRUCTION INC	50	42
FCC EQUAL CEE, S.L.	4	15
FCC INDUSTRIAL E INFRAESTRUCTURAS ENERGÉTICAS, S.A.	32	3
FCC, S.A.	20.779	19.833
FCC MEDIO AMBIENTE, S.A.	55	10
FEDEMES, S.L.	4.623	4.208
GESTION Y VALOR INT.CENTRO, S.L.	1	-
HANDLING AND RECOVERY. MAREPA, S.A.	-	1
PROVEIMENTS D'AIGUA, S.A.	27	2
SERVICIOS ESPECIALES DE LIMPIEZA, S.A.	3	7
TOTAL GROUP COMPANIES FCC AND ASSOCIATES	30.970	28.298

j) Financial income

(Thousands of euros)	2022	2021
AGUAS DE ARCHIDONA, S.L.	26	28
AGUAS DE LANGREO, S.L.	148	164
AGUAS DE NARIXA, S.A.	118	257



AGUAS DE PRIEGO, S.L.	76	157
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	674	782
AIE COSTA TROPICAL DE GRANADA	-	642
AIGÜES DEL VENDRELL	259	265
EMPRESA MUNICIPAL DE AGUAS DE NIJAR, S.A.	33	18
EMPRESA MIXTA DE AGUAS DE JODAR, S.A.	59	62
ALGECIRAS MUNICIPAL WATER COMPANY	56	47
MUNICIPAL WATER COMPANY OF BENALMADENA, S.A.	22	22
MUNICIPAL COMPANY AGUAS DE TOXIRIA, S.A.	4	-
FCC, S.A.	29.028	29.028
TOTAL GROUP COMPANIES FCC AND ASSOCIATES	30.503	31.472

(k) Financial charges

In 2022 and 2021, financial expenses with FCC Group companies are entirely with FCC, S.A. due to the effect of IFRS 16.

24. REMUNERATION OF STATUTORY AUDITORS

The fees for auditing services and other professional services provided during the year to the different companies that make up the Aqualia Group by the main auditor and other auditors participating in the audit of the different companies in the group, as well as by entities related to them, are shown in the following table:

<i>Amounts in thousands of euros</i>	Lead Auditor	2022 Other auditors	Total	Lead Auditor	2021 Other auditors	Total
Audit Services	695	322	1.017	471	203	674
Other Verification Services	32	141	173	126	654	780
Total	727	463	1.190	597	857	1.454
Tax Advisory Services	-	368	368	-	244	244
Other services	-	179	179	-	97	97
Total professional services	-	547	547	-	341	341
TOTAL	727	1.010	1.737	597	1.198	1.795



25. EARNINGS PER SHARE AND OTHER INFORMATION

1. Diluted earnings per share coincides with basic earnings per share, as follows:

Amounts in thousands of euros	2022	2021
Net profit for the year attributable to the Parent Company (Thousands of euros)	135.182	115.087
Weighted average number of shares outstanding	145.000	145.000
Basic result per share (euros)	0,93	0,79

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

The Official State Gazette in Spain has published Law 18/2022 of 28 September on the creation and growth of companies, which aims, among other things, to reduce commercial late payments. The new law changes Law 15/2010 of 5 July 2010 amending Law 3/2004, which established measures to combat late payment by regulating payment periods in commercial relations between Spanish companies or between companies and the Spanish Administration. Specifically, it amends the Third Additional Provision which established that companies must expressly publish information on supplier payment periods in the notes to their annual accounts. Following the publication of Law 18/2022, unlisted companies that do not present abridged accounts, as is the case of the Company, must publish the average supplier payment period, the monetary volume and number of invoices paid in a period lower than the maximum established in the regulations on late payment and the percentage they represent of the total number of invoices and of the total monetary amount of their payments to suppliers, both on their website and in their annual accounts.

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

	Average supplier payment period	
	2022	2021
	Days	Days
Average supplier payment period	60	60
Ratio of paid transactions	59	60
Ratio of transactions outstanding	64	63
	Amount	Amount



Total payments made	508.383	429.382
Total outstanding payments	75.201	57.566
Total payments made in a period shorter than the maximum period established in the late payment regulations	294.803	245.719
% of total payments made	58%	57%
Total number of invoices paid in the period	238.471	212.105
Number of invoices paid in a period shorter than the maximum period established in the late payment regulations.	124.052	104.021
% of total number of invoices paid in the year	52 %	49%

26. 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 2022 Aqualia has revalidated its commitment to certification in the **Strategy for the Contribution of Sustainable Development Goals**, by AENOR, in addition to the Sustainability Report, under GRI criteria.

Likewise, Aqualia continues with the strategy of creating shared value, responding to the expectations of its stakeholders, and deepening the tools that make it possible to know and measure the social and environmental impacts, to support the creation of economic value and to increase the company's competitiveness (calculation of social and environmental footprints). To this end, in 2022, 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 and Energy Management Systems, calculation of the carbon footprint and Health and Safety in the Workplace.
3. **Adaptation to the new ISO 14064-1:2018 standard**, which completes more specifically the calculation of indirect greenhouse gas emissions, previously called Scope 3.
4. 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.
 - Calculation and verification of the carbon footprint of all Aqualia's activity in Spain and Portugal 2021.
 - 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 2021.
 - 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.
5. Participation in **AENOR** meetings and conferences and in **ACS** working groups.
6. 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 into the Management System the treatment of Aqualia's stakeholders and the analysis of the company's context, 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.

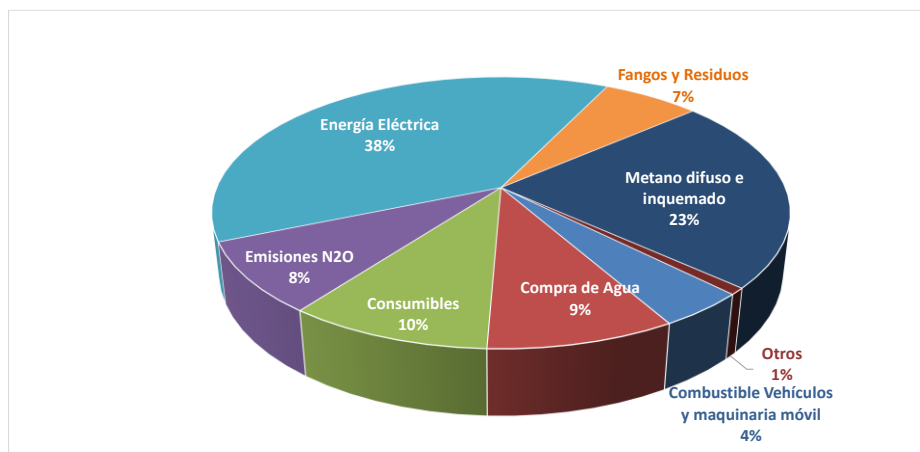


In view of Aqualia's commitment to meeting the SDGs (Sustainable Development Goals), it is necessary to bear in mind that electricity is the factor with the greatest impact on the total balance of GHG emissions.

EMISSIONS CO₂ BY PROCESS. AQUALIA SPAIN 2022

	t CO ₂	t CH ₄	t N ₂ O	GHG CO ₂ e) (t	%
SUPPLY	119.687	0	0	119.741	42,1%
SEWERAGE	11.493	0	0	11.528	4,1%
DEPURATION	60.433	2.340	90	149.887	52,7%
VARIOUS	2.994	0	0	2.994	1,1%
TOTAL	194.607	2.340	91	284.150	

EMISSIONS CO₂ BY AGENT. AQUALIA SPAIN 2022



GHG emissions associated with electricity consumption depend basically on 3 variables:

- Volume of management in terms of services rendered
- Emission factor of the electrical energy used.
- Efficiency of managed systems

Logically, the first factor is associated with production and therefore its evolution is linked to the commercial development of the company itself. It is for this reason that the main management efforts are being applied to the other two factors.

Improvement of the emission factor of the electrical energy used.

The emission factor depends on the source or combination of different sources for energy generation.



This combination, known as the Electric MIX, depends on the available resources, and therefore suffers strong variations from one year to the next, depending on rainfall, wind, solar radiation, temperatures, etc.

To avoid dependence on this factor, Aqualia is committed to the use of renewable energies. Both through the implementation of renewable energy generation facilities in the infrastructures managed by the company, and through the purchase of green energy.

Currently, 15 photovoltaic energy installations have been commissioned in Spain, with an installed capacity of 3,393 kWp and produced energy of 2.8 GWh.

There are 17 plants in the process of installation, with an installed capacity of 14,332 kWp, with a planned annual production of 25.8 GWh.

27. EVENTS AFTER THE END OF THE FINANCIAL YEAR

There have been no other events subsequent to year-end that significantly affect the content of these consolidated financial statements.

28. ADDITIONAL NOTE FOR ENGLISH TRANSLATION

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



ANNEX I

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) SUBSIDIARIES (FULLY CONSOLIDATED)

SOCIETY	% GROUP SHARE	AUDITOR
Acque di Caltanissetta, S.p.A. Viale Sicilia 176 93100 Caltanissetta - ITALY	99,56%	EY
Aguas de las Galeras, S.L. Avda. Camino de Santiago, 40 - MADRID	100,00%	-
Aguas De Albania S.A. E.S.P. Calle 4, 4A-38 Albania - COLOMBIA	90,00%	
Aguas De Aracataca S.A.S. Calle 7, 2-12 Aracataca - COLOMBIA	95,00%	
Aguas De La Península S.A. E.S.P. Calle 10A 9-05 Maicao - COLOMBIA	100,00%	
Aguas De La Sabana de Bogotá, S.A. E.S.P. Autopista Medellín Km 3.9 Cota, Cundinamarca - COLOMBIA	79,80%	
Aguas Del Sur Del Atlántico S.A. E.S.P. Carrera 53 80-198 Barranquilla - COLOMBIA	50,00%	
Aigües de Vallirana, S.A.U. C/ Conca de Tremp, 14 - Vallirana (BARCELONA)	100,00%	-
Aqualia Colombia S.A.S. Carrera 53 80-198 Barranquilla - COLOMBIA	100,00%	
Aqualia Desalación Guaymas, S.A. de C.V. Avenida 5 de febrero N° 1351, ROBLE 304 - Querétaro - MEXICO	100,00%	DELOITTE
Aqualia Infraestructuras D.O.O. Beograd-Vracar Resavska 23 Belgrade Vracar - Belgrade-SERBIA	100,00%	-
Aqualia Infraestructuras Montenegro Bulevar Svetog Petra Centinjaskog I A - 81000 Podgorica - MONTENEGRO	100,00%	-
Aqualia Infrastructures Pristina LLC Bulevardi Nëna Terezë No 47/5B -Prishtina- REPUBLIC OF KOSOVO	100,00%	-
Aqualia Gestión los Cabos S.A. de C.V. Avda. 5 de febrero. Queretaro - MEXICO	100,00%	-
Aqualia Georgia LLC Lit. A, Floor 3, 10 Medea (Mzia) Jugheli Street, Mtatsminda District,Tbilisi - GEORGIA	100,00%	
Aqualia MACE LLC P.O. Box 105547 - Abu Dhabi, U.A.E.	51,00%	DELOITTE
Aqualiportugal S.A. Camilo Castelo Branco 2. Lisboa-PORTUGAL	100,00%	EY
AquaElvas - Aguas de Elvas, S.A. Rua Paco Bandeira, 14 - Assunção - Elvas - PORTUGAL	100,00%	EY
Aquamaior - Aguas de Campo Maior, S.A. Rua Mayor Talaya, 28 - Nossa Senhora de Expectação - Campo Maior - PORTUGAL	100,00%	EY
Abrantaqua, S.A. Lena Park - Alferrarede Abrantes - PORTUGAL	60,00%	OLIVEIRA, REIS & ASOCIADOS
Aqua Campiña, S.A. C/Blas Infante, 6 - Écija (SEVILLA)	90,00%	CENTIUM
Aquafundalia - Agua do Fundão, S.A. Rua Fernando Pessoa, 195 6230 479 Fundao - PORTUGAL	100,00%	EY
Aquajerez, S.L. C/ Cristalería, 24 - CÁDIZ	100,00%	EY
Aqualia Flandes S.A.S. ESP CR 11 NO.8201 OF 903, Bogotá D.C. - COLOMBIA	100,00%	
Aqualia France, S.A.S. Quai De L'Oise 28 - ANDRESY (FRANCE)	100,00%	SNR AUDIT



**FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP)
SUBSIDIARIES (FULLY CONSOLIDATED)**

SOCIETY	% GROUP SHARE	AUDITOR
Aqualia Intech, S.A. Avda. Camino de Santiago, 40 - MADRID	100,00%	EY
Aqualia Infrastructures Inzenyring, s.r.o. Mariennské Hory, Slavníkovcu 571/21 Ostrava - CZECH REPUBLIC	100,00%	ABC AUDIT SRO
Aqualia Infrastructures Mostar Dr. Ante Estarcevic BB - MOSTAR (SERBIA)	100,00%	-
Aqualia Latinoamérica, S.A. CL 80, 11. Bogotá-COLOMBIA	100,00%	SN AUDIT AND CONSULTING
Aqualia Villa del Rosario, S.A. CL 4 , La Palmita 6-104. Villa Rosario-COLOMBIA	100,00%	SN AUDIT AND CONSULTING
Aqualia México, S.A. de C.V. Carrizal, 33 - Santiago de Queretaro - Queretaro - MEXICO	100,00%	DELOITTE
Aqualia Czech, S.L. Avda. Camino de Santiago, 40 - MADRID	100,00%	EY
Aquamag S.As E.S.P. Calle 10, 8-14, Fundación - COLOMBIA	100,00%	
Aquos El Realito, S.A. de C.V. San Luis Potosí (MEXICO)	51,00%	DELOITTE
Cartagua - Aguas do Cartaxo, S.A. Zona Industrial do Cartaxo, Lote 20 - Cartaxo - PORTUGAL	60,00%	OLIVEIRA, REIS & ASOCIADOS
CEG, S.A.S. Boulevard du Général de Gaulle 71 - GOUSSAINVILLE (FRANCE)	100%	SNR AUDIT
Compañía Onubense de Aguas, S.A. C/Martín Alonso Pinzón, 8 - HUELVA	60,00%	-
Conservación y Sistemas, S.A. C/ Federico Salmón, 13 - MADRID	100,00%	EY
Compagnie Armorica Des Eaux Rue Lucien Rosengart 1, Plérin - FRANCE	100,00%	
Depurplan 11, S.A. C/ Madre Rafols, 2 - ZARAGOZA	100,00%	CAPITAL AUDITORS
Ecosistema de Morelos S.A. de C.V. C/ Ejido. Col. San Miguel Acapantzingo s/n. Cuernavaca-MEXICO	100,00%	CTS CONSULTANTS
Empresa Gestora de Aguas Linenses, S.L. C/Federico Salmón, 13 - MADRID	100,00%	-
Empresa Mixta de Butarque, S.A. C/Princesa, 3 - (MADRID)	70,00%	-
Entemanser, S.A. C/Castillo, 13 - ADEJE (SANTA CRUZ DE TENERIFE)	97,00%	EY
FCC Aqualia América, S.A.U. C/ Uruguay, 11 - Vigo (PONTEVEDRA)	100,00%	-
FCC Aqualia USA Corp. 2711 Centerville Road, Suite 400. Wilmington (New Castle -Delaware-USA)	100,00%	BBP
Flores, Rebollo y Morales, S.L. Ctra Águilas 6, Baganvillas-VERA (ALMERÍA)	60,00%	-
Gardabani Sewage Treatment Plant LLC Lit. A, Floor 3, 10 Medea (Mzia) Jugheli Street, Mtatsminda District,Tbilisi - GEORGIA	80,00%	
Genesis Lodos, S.L. Avda. Kansas City 9 (SEVILLA)	80,00%	
Georgia Global Utilities JSC Lit. A, Floor 3, 10 Medea (Mzia) Jugheli Street, Mtatsminda District,Tbilisi - GEORGIA	80,00%	



**FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP)
SUBSIDIARIES (FULLY CONSOLIDATED)**

SOCIETY	% GROUP SHARE	AUDITOR
Georgian Energy Trading Company LLC Lit. A, Floor 3, 10 Medea (Mzia) Jugheli Street, Mtatsminda District, Tbilisi - GEORGIA	80,00%	
Georgian Engineering And Management Company LLC Lit. A, Floor 3, 10 Medea (Mzia) Jugheli Street, Mtatsminda District, Tbilisi - GEORGIA	80,00%	
Georgian Water And Power LLC Lit. A, Floor 3, 10 Medea (Mzia) Jugheli Street, Mtatsminda District, Tbilisi - GEORGIA	80,00%	
Haji Abdullah Ali Reza Integrated Services Ltd (H.A.A. & CO.) Ali Reza CC, King Abdulaziz Road 8. Jeddah-ARABIA SAUDI ARABIA	51,00%	EY
Hidrotec Water Technology, S.L.U. C/Pincel, 25 - SEVILLA	100,00%	EY
Infraestructuras y Distribución General de Agua, S.L. C/La Presa, 14 - Tijoco Bajo-ADEJE (SANTA CRUZ DE TENERIFE)	100,00%	-
Naunet S.A.S. Carrera 53 80-198 Barranquilla - COLOMBIA	100,00%	
Qatarat Saquia Desalination Company LTD. Corniche Road 2719. Jeddah-ARABIA SAUDI ARABIA	51,00%	EY
Rustavi Water LLC Tsminda Nino Street, 5, Rustavi - GEORGIA	80,00%	
Saguramo Energy LLC Lit. A, Floor 3, 10 Medea (Mzia) Jugheli Street, Mtatsminda District, Tbilisi - GEORGIA	80,00%	
Servicios Hídricos Agricultura y Ciudad, S.L.U. C/ Alfonso XIII - Sabadell (BARCELONA)	100,00%	-
Severomoravske Vodovody to Kanalizace Ostrava a.s. Varenská 2723/51 70200 Ostrava - CZECH REPUBLIC	100,00%	EY
Shariket Tahlya Miyah Mostaganem Cit� Abdoni Ilot, 36 - Dar el Beida (ALGERIA)	25,50%	SAMIR HADJ ALI
Sociedad Ib�rica del Agua, S.A.U. C/Federico Salm�n, 13 - MADRID	100,00%	-
Sociedad Espa�ola de Aguas Filtradas, S.A. C/ Jacometrezo, 4 - MADRID	100,00%	EY
Soci�te Des Eaux De Fin D'Oise, S.A.S. Quai De L'Oise 28 - ANDRESY (FRANCE)	100,00%	SNR AUDIT
South Cluster Spv LLC King Abdulaziz Road, 5080, Abha - SAUDI ARABIA	45,00%	
Tratamiento Industrial de Aguas, S.A. C/Federico Salm�n, 13 - MADRID	100,00%	EY
Vodotech Spol, S.R.O. Jaselsk� 47 - Opava - CZECH REPUBLIC	100,00%	CMC AUDIT
Watersur, S.L. Ctra �guilas 6, Bugarvillas-VERA (ALMER�A)	60,00%	-

Note: This appendix forms an integral part of the notes to the accompanying consolidated annual accounts.



ANNEX II

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) JOINT OPERATIONS (PROPORTIONATELY CONSOLIDATED)

SOCIETY	% GROUP SHARE	AUDITOR
AIE Costa Tropical de Granada Plaza Aurora, s/n - Motril (GRANADA)	51,00%	PKF
Gestión de Servicios Hidráulicos de Ciudad Real AIE C/ Ramírez de Arellano, 15 - MADRID	75,00%	-
Empresa Mixta de Aguas y Servicios, S.A. Alarcos, 13 - CIUDAD REAL	41,25%	CAPITAL AUDITORS

Note: This appendix forms an integral part of the notes to the accompanying consolidated annual accounts.



ANNEX III

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES (ACCOUNTED FOR USING THE EQUITY METHOD)

SOCIETY	% SHARE	CNV 31.12.2022 (Note 7)	CNV 31.12.2021 (Note 7)	AUDITOR
Aguas de Archidona, S.L. Plaza Ochavada, 1 - 29300 Archidona - MALAGA	48,00%	65	24	CENTIUM AUDITORES SL
Aguas de Denia, S.A. Pedro Esteve, 17 - Denia (ALICANTE)	33,00%	341	427	AUDINFOR SL
Aguas de Guadix, S.A. Plaza de la Constitución 1, Guadix (GRANADA)	40,00%	245	419	-
Aguas de Langreo, S.L. C/Alonso del Riesgo, 3 - Langreo (ASTURIAS)	49,00%	829	853	CAPITAL AUDITORS AND CONSULTANTS,SL
Aguas de Narixa, S.A. C/Málaga, 11 - Nerja (MÁLAGA)	50,00%	531	308	AUDINFOR SL
Aguas de Priego, S.L. Plaza Constitución, 3. Priego de Córdoba (CORDOBA)	49,00%	-	(66)	AUDINFOR SL
Aguas del Puerto Empresa Municipal, S.A. C/ Aurora 1 - 11500 - EL PUERTO DE SANTA MARÍA (CÁDIZ)	48,98%	3.965	3.924	-
Aigües de Blanes, S.A. Canigó, 5. Blanes - GIRONA	16,47%	24	51	CD AUDITORS
Aigües de Girona Salt i Sarrià del Ter Ciutadans, 11 - GIRONA	26,88%	162	162	CATAUDIT AUDITORS ASSOCIATS SL
Aigües Del Vendrell, S.A. Plaza Vella, 1 - El Vendrell (TARRAGONA)	49,00%	286	471	GM AUDITORS SL
Compañía de Servicios Medioamb. do Atlántico, S.A. Carretera de Cedeira, km1 - Narón (LA CORUÑA)	49,00%	296	299	AUDINFOR SL
Concesionaria de Desalación de Ibiza, S.A. Rotonda de Sta. Eulalia, s/n - Ibiza (BALEARIC ISLANDS)	50,00%	832	1.203	BDO AUDITORES S.L.
Codeur, S.A. C/ Mayor 22-Vera (ALMERÍA)	28,08%	6.024	6.503	-
Constructora de Infr. de Aguas de Potosí, S.A. de C.V. Bulevar Manuel Avila Camacho, 36 Mexico, Distrito Federal (MEXICO)	24,50%	(5.396)	(5.396)	-
Constructora de Infr. de Aguas de Querétaro, S.A. de C.V. C/ Minería Edificio B Mexico City, Distrito Federal (MEXICO)	24,50%	(2.995)	(2.995)	DELOITTE SL
EMANAGUA - Empresa Municipal de Aguas de Níjar, S.A. Plaza de la Glorieta, 1 - Níjar (ALMERÍA)	49,00%	322	255	CENTIUM AUDITORES SL
Empresa mixta de Aguas de Jódar, S.A. Plaza de España, 1- Jódar (JAEN)	49,00%	18	35	CENTIUM AUDITORES SL
Empresa Municipal de Aguas de Linares, S.A. C/ Cid Campeador, 7 - Linares (JAEN)	49,00%	136	290	CENTIUM AUDITORES SL
Empresa Municipal Aguas de Algeciras, S.A. C/Virgen del Carmen, s/n - Algeciras (CÁDIZ)	49,00%	165	163	NEXT AUDITORES Y CONSULTORES S.L.
Empresa Mixta de Aguas de Ubrique, S.A. C/JUZGADO S/N - 11600 - UBRIQUE (CÁDIZ)	49,00%	83	81	DELOITTE SL



FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP)
ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES (ACCOUNTED FOR USING THE EQUITY METHOD)

SOCIETY	% SHARE	CNV	CNV	AUDITOR
		31.12.2022 (Note 7)	31.12.2021 (Note 7)	
Empresa Municipal Aguas de Benalmádena, S.A. Exp. Ap.Tivoli, s/n - Arroyo de la Miel (MÁLAGA)	50,00%	1.393	1.596	AUDINFOR SL
Empresa Municipal Aguas de Toxiria, S.A. Plaza de la Constitución - Torredonjimeno (JAÉN)	49,00%	94	108	CENTIUM AUDITORES SL
Girona, S.A. Travesía del Carril, 2 - GERONA	33,61%	1.613	1.650	CATAUDIT AUDITORS ASSOCIATS SL
HA Proyectos Especiales Hidraulicos S.R.L. de CV Neucalpan - MEXICO D.F.	49,50%	1.160	1.045	GRANT THORNTON SC
New Company of Aguas de Ibiza, S.A. C/Bartolomé Rosselló, 18 - (IBIZA)	40,00%	95	101	-
Oman Sustainable Water Services SAOC Batinah Highway 322 - Sohar (OMAN)	49,00%	1.588	1.220	-
Operadora El Realito S.A. de C.V. Tomas Alva Edison 176- San Rafael-Distrito Federal (MEXICO)	15,00%	343	279	EY
Orasqualia Construction, S.A.E. 2112 South Tower - Cairo (EGYPT)	50,00%	(62)	(95)	KPMG
Orasqualia Devel. Waste Treatment Plant S.A.E. 2112 South Tower - Cairo (EGYPT)	27,95%	10.856	14.552	DELOITTE SL
Orasqualia Operation and Maintenance, S.A.E. Nile City Towers - Cairo - EGYPT	50,00%	1.312	1.158	DELOITTE SL
Prestadora de Servicios Acueducto El Realito SACV Bvd. Manuel Avila Camacho, 36. MIGUEL HIDALGO (MEXICO)	24,50%	1	1	-
Proveïments d'Aigua, S.A. Asturias, 13 - GIRONA	15,12%	644	637	ANTONI RIERA ECONOMISTES AUDITORS
Sera.Q.A. Duitama, S.A. (COLOMBIA)	30,60%	32	34	-
Suministro de aguas de Querétaro, S.A. de C.V. Santiago de Querétaro - Querétaro Arteaga (MEXICO)	1,00%	474	377	DELOITTE MEXICO
Total		25.476	29.674	

Note: This appendix forms an integral part of the notes to the accompanying consolidated annual accounts.



DENOMINATION	PARTICIPATING PARTNERS	% GROUP SHARE
Consortium O&M Alamein	Aqualia Intech, S.A. - ICAT	65%
UTE Abastecimiento Picadas Almoguera	FCC Aqualia, S.A. - Barahona Obras Y Serv. S.L	95%
UTE Abu Rawash Construction	Aqualia Intech, S.A. - Orascom Cons.Industries	50%
UTE Agua Santo Domingo	FCC Aqualia, S.A. - Water and energy	70%
UTE Aguas de Alcalá	FCC Aqualia, S.A. - Canal de Isabel II - SUFI, S.A.	50%
UTE Aguas del Doramás	FCC Aqualia, S.A. - Eicoh Explot. S.L. - Eléct. Maspalomas, S.A.	50%
UTE Alcantarillado Alcoy	FCC Aqualia, S.A. - FCC, S.A.	50%
UTE Alcantarillado Burgos	FCC Aqualia, S.A. - FCC, S.A.	40%
UTE Alcantarillado Madrid Lot D	FCC Aqualia, S.A.	99,99%
Alkhorayef-FCC Aqualia JV	FCC Aqualia, S.A. - Alkhorayef Water & Power	51%
UTE Expansion Idam Melilla	FCC Aqualia, S.A. - Arpo empr. Constructora.	50%
UTE Oviedo	FCC Aqualia, S.A. - Seafsa, S.A.	100%
Aqualia Riofabar Piloña Joint Venture	FCC Aqualia, S.A.	100%
UTE Badajoz East Zone	FCC Aqualia, S.A. - Automation and Control Systems	50%
UTE Badajoz Zona Oeste	FCC Aqualia, S.A. - Automation and Control Systems	50%
UTE Bombeos Zona Sur	FCC Aqualia, S.A. - FCC, S.A.	99%
UTE C.H. Talave	FCC Aqualia, S.A. - SEAFSA	100%
UTE Cruz Street	FCC Aqualia, S.A. - Const. Y O.P. Luis Vazquez e Hijos S.L.	80%
UTE Cap Djinet	Aqualia Intech, S.A. - Inima	50%
Granadilla de Abona Sports Centre UTE	FCC Aqualia, S.A. - FCC, S.A.	99%
UTE CH Talave II	FCC Aqualia, S.A. - Matinsa	80%
UTE Cons. Gestor Ptar Salitre	Aqualia Intech, S.A. - Cass Construct.s y Cía S.A.- Aktor	30%
UTE Conservación Getafe	Thechnical S.A. Col. Branch	
UTE Consorcio Louro	Conservación y Sistemas, S.A. - FCC, S.A.	99%
UTE Consorcio PTAR Arraiján	FCC Aqualia, S.A.	99%
UTE Copero Environmental Complex	FCC Aqualia, S.A. - Aqualia Intech, S.A.	100%
UTE Costa Tropical	FCC Aqualia, S.A. - FCC Medio Ambiente S.A.U.- Heliopol S.A.U.	34%
UTE Costa Tropical II	FCC Aqualia, S.A. - Acciona Agua, S.A.	51%
UTE Costa Tropical III	FCC Aqualia, S.A. - Acciona Agua, S.A.	51%
UTE Denia	FCC Aqualia, S.A. - Acciona Agua, S.A.	51%
UTE Depuradoras Lot 1	FCC Aqualia, S.A.	100%
UTE aqualia Inima (Depuración poniente almeriense)	FCC Aqualia, S.A. - Barahona Obras Y Serv. S.L	95%
UTE EDAM West	FCC Aqualia, S.A. - Inima, S.A.	75%
UTE EDAM Santa Eulalia	Aqualia Intech, S.A. - FCC Construcción, S.A. - Transformations and Services	50%
UTE EDAR A Guarda 2013	FCC Aqualia, S.A. - Aqualia Intech, S.A.	100%
UTE EDAR A Guarda 2022	FCC Aqualia, S.A. - DEMAIN, S.L	50%
UTE Edar Albuñol	FCC Aqualia, S.A. - DEMAIN, S.L	50%
UTE EDAR Baeza	FCC Aqualia, S.A. - FCC Construcción, S.A.	50%
UTE Edar Galindo	Aqualia Intech, S.A. - Explotaciones las Misiones, S.L.- Martín Casillas, S.L.	50%
UTE EDAR San Claudio	FCC Aqualia, S.A. - Ansareo obras Constr. Y conserv S.A. - Altuna y Uría, S.A.	50%
UTE EDAR Gijón	Aqualia Intech, S.A.	100%
UTE EDAR La Ranilla	Aqualia Intech, S.A. - FCC Construcción, S.A. - Degremont, S.A.	30%
UTE EDAR Reinosa	FCC Aqualia, S.A. - Aqualia Intech, S.A.	100%
UTE Edar Tablada	FCC Aqualia, S.A. - FCC, S.A.	99%
UTE Estaciones Perales	FCC Aqualia, S.A. - Abengoa Water, SI	50%
UTE Fuentes De Cádiz	FCC Aqualia, S.A. - Aqualia Intech, S.A.	100%
	FCC Aqualia - FCC S.A.- FCC M.A.	50%



DENOMINATION	PARTICIPATING PARTNERS	% GROUP SHARE
UTE Garrucha	FCC Aqualia - FCC S.A.- Talleres y Gruas González S.L.	85%
UTE Gestión Cangas	FCC Aqualia, S.A. - Civis Global, S.L.	70%
UTE Groupement Solidaire Jerba	FCC Aqualia, S.A. - Aqualia Intech, S.A. - Inima, S.A.	50%
Guadiana Plueblonuevo Joint Venture	FCC Aqualia, S.A. -OPS INFR Y SERV HIDR	51%
UTE HIDC-HIDR-INV. Do centr ACE	FCC Aqualia, S.A. - Lena Environment	50%
UTE Ibiza	FCC Aqualia, S.A. - Acciona Agua, S.A.	50%
UTE IDAM Janubio	FCC Aqualia, S.A. - Aqualia Intech, S.A.	100%
UTE IDAM Sant Antoni	FCC Aqualia, S.A. - Infilco Española, S.A.	50%
UTE IDAM Sant Antoni II	FCC Aqualia, S.A. - Infilco Española, S.A.	50%
UTE IDAM Santa Eulalia	FCC Aqualia, S.A. - Acciona Agua, S.A.	50%
UTE IDAM Santa Eulalia II	FCC Aqualia, S.A. - Acciona Agua, S.A.	50%
UTE IDAM Santa Eulalia III	FCC Aqualia, S.A. - Acciona Agua, S.A.	50%
UTE Idga Saneca	Infr. y distr. gral del agua S.L.-Saneca Siglo XXI S.L.	70%
aqualia Infilco joint venture	FCC Aqualia, S.A. - Infilco, S.A.	50%
UTE Lot 11 Santillana	Trainasa- Conservation and Systems	100%
UTE Lot 4 Culebro A	Sociedad Española de Aguas Filtradas, S.A. - FCC, S.A.	99%
UTE Lot 9 Torrelaguna	Trainasa- Conservation and Systems	100%
UTE Louro	FCC Aqualia, S.A. - Movexvial	65%
Mancomunidad de Órbigo Joint Venture	FCC Aqualia, S.A. - FCC, S.A.	99%
UTE Improvements San Isidro Park	FCC Aqualia, S.A. - FCC Medio Ambiente S.A.U.	1%
UTE Mostaganem	Aqualia Intech, S.A. - Inima	50%
UTE O&M EDAM West	Aqualia Intech, S.A.	100%
UTE Obra Edar Argamasilla De Calatrava	FCC Aqualia, S.A. - Barahona Obras Y Serv. S.L	70%
El Endrinal Wastewater Treatment Works Joint Venture	FCC Aqualia, S.A. - FCC Construcción, S.A.	33,33%
UTE OYM Cap Djinet	FCC Aqualia, S.A. - Inima	50%
UTE OYM Mostaganem	FCC Aqualia, S.A. - Inima	50%
UTE PTAR Ambato	Aqualia Intech, S.A. - Alvarado Ortiz Constructors	60%
UTE Networks CABB	FCC Aqualia, S.A.	100%
UTE Redondela	FCC Aqualia, S.A. - FCC, S.A.	99,99%
UTE Pipe Renovation Lot 7	FCC Aqualia, S.A. - FCC Construcción, S.A.	60%
UTE Reparaciones Lot 9	FCC Aqualia, S.A.	100%
UTE Saneamiento Emasa	FCC Aqualia, S.A. - FCC Medio Ambiente S.A.U.	50%
UTE Santomera	FCC Aqualia, S.A. - FCC, S.A.	99,99%
UTE SCC Sice	Conservation and Systems, S.A. - SICE	50%
UTE Seafsa Lanzarote	Sociedad Española de Aguas Filtradas, S.A. - Jaime and Isaac Rodríguez	60%
UTE Sevilla Territorial Areas	FCC Aqualia, S.A. - FCC Medio Ambiente S.A.U.	50%
UTE Sollano Zalla	FCC Aqualia, S.A. - Ansareo Serv.Integrales	50%
UTE Sollanoko Ura	FCC Aqualia, S.A.	100%
UTE TSE Riyadh	FCC Aqualia, S.A. - Alkhorayef Water & Power	51%
UTE Qatar	FCC Aqualia- GEC Contracting Services- Power Water Energy	51%
UTE Ussa A 17	FCC Aqualia, S.A.	100%
UTE Vigo Swimming Pools	FCC Aqualia, S.A. - Idonea CYS, S.L:	50%
UTE Zafra	FCC Aqualia, S.A. - Magenta Business Group	65%
UTE Zaragoza Sewerage	FCC Aqualia, S.A. - FCC Medio Ambiente S.A.U.	50%

Note: This appendix forms an integral part of the notes to the accompanying consolidated annual accounts.

ANNEX V



FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP)
VARIATIONS IN THE CONSOLIDATION PERIMETER 31-12-2022

DENOMINATION	ADDRESS	% GROUP SHARE
A) Additions to Global Consolidation		
Genesis Lodos, S.L.	SPAIN	80,0%
South Cluster Spv LLC	SAUDI ARABIA	45,0%
Aguas De Albania S.A. E.S.P.	COLOMBIA	90,0%
Aguas De Aracataca S.A.S.	COLOMBIA	95,0%
Aguas De La Península S.A. E.S.P.	COLOMBIA	100,0%
Aguas De La Sabana de Bogotá S.A. E.S.P.	COLOMBIA	79,8%
Aguas Del Sur Del Atlántico S.A. E.S.P.	COLOMBIA	50,0%
Aqualia Colombia S.A.S.	COLOMBIA	100,0%
Aqualia Flandes S.A.S. ESP	COLOMBIA	100,0%
Aquamag S.A.S. E.S.P.	COLOMBIA	100,0%
Naunet S.A.S.	COLOMBIA	100,0%
Compagnie Armoricaire Des Eaux	FRANCE	100,0%
Aqualia Georgia LLC	GEORGIA	100,0%
Gardabani Sewage Treatment Plant LLC	GEORGIA	80,0%
Georgia Global Utilities JSC	GEORGIA	80,0%
Georgian Energy Trading Company LLC	GEORGIA	80,0%
Georgian Engineering And Management Company LLC	GEORGIA	80,0%
Georgian Water And Power LLC	GEORGIA	80,0%
Rustavi Water LLC	GEORGIA	80,0%
Saguramo Energy LLC	GEORGIA	80,0%
B) Divestitures in Global Consolidation due to merger		
Aqualia New Europe B.V.	HOLLAND	100,0%
C) Divestitures in Proportionate Consolidation		
AIE Aquagest Medioambiente, S.A. - Aqualia	SPAIN	37,5%
Mixed company Abastament en Alta Costa Brava, S.A.	SPAIN	26%
Empresa Mixta d'Aigües de la Costa Brava, S.A.	SPAIN	25%
AIE Costa Brava Aqualia-Sorea Supplies	SPAIN	50%
D) Disposals under the equity method		
Aguas de Priego, S.L.	SPAIN	49%

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP)
VARIATIONS IN THE CONSOLIDATION PERIMETER 31-12-2021

DENOMINATION	ADDRESS	% GROUP SHARE
A) Additions to Global Consolidation		
Aqualia Gestión los Cabos S.A. de C.V.	MEXICO	100%
B) Divestitures in Global Consolidation		
Aguas de Alcázar Empresa Mixta, S.A.	SPAIN	52,38%
C) Divestitures in Proportionate Consolidation		
Itam Delta de la Tordera AIE	SPAIN	50%

Note: This appendix forms an integral part of the notes to the accompanying consolidated annual accounts.



MANAGEMENT REPORT 2022

ON FINANCIAL STATEMENTS CONSOLIDATED

AS OF 31/12/2022

INDEX

- 1. Business model and strategy**
- 2. Market situation**
- 3. Recruitment**
- 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 people and the communities in which it operates, preserving water resources and the environment, and improving management efficiency, with one of its main references being the Sustainable Development Goals (SDGs) of the United Nations, 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 the world is going through, lead governments, communities and industrial corporations to look for specialised operators to help them provide effective solutions to the problems of water supply, sanitation and purification.

Addressing the water challenge is undoubtedly the great challenge facing Aqualia, just a few days after saying goodbye to what has been one of the warmest years and with the greatest shortage of rainfall in Europe. According to data provided by the European Commission and the European Drought Observatory, the year 2022 has been a year of extremes, with droughts, high temperatures, forest fires and floods. The need to innovate in water and move towards a new, more conscious and sustainable paradigm requires innovation to overcome the challenge facing the sector, if we are to maintain our culture and lifestyle on similar terms to the current one.

Aqualia is one of the main international operators that focuses its management on business models based on public-private collaboration in specific 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 Spain, the Czech Republic, Georgia and Colombia. 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 (*build, operate and transfer*) 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 United Arab Emirates).

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 (Operation & Maintenance)* or *EPC (Engineering, Procurement and Construction)* contracts, are considered on a project-specific and strategic basis.

In general, 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 and construction 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 the year 2022, the effects of the **Covid-19** pandemic in terms of water consumption have practically been overcome. The recovery of economic activity, especially in the service and tourism sector, has been truncated by the effects of the Ukrainian invasion, in particular the exorbitant increase in energy and material costs, which have led to a very high CPI index.

The year-on-year CPI for December 2022 was 5.7%, peaking in July at 10.8%.

In relation to the evolution of **electricity costs**, Aqualia has maintained a policy of diversification of its suppliers, through the contracting of a PPA (*Power Purchase Agreement*) and the closing of tariffs on the fixed and futures markets. As a result, it is only 32.4% dependent on the OMIE free market. The evolution of OMIE tariffs has been exponential. In 2020, the average tariff was €34.08/MWh; in 2021, €111.93/MWh; and in 2022, €188.2/MWh. In addition, as of June, the Iberian Mechanism to complement gas for generation came into force, resulting in an average tariff of €82.7/MWh, a surcharge on contracts that did not have an agreed price before the measure came into force. This has resulted in an electricity cost overrun of 66% compared to the previous year. Likewise, due to its high dependence on electricity costs, the purchase of water also increased its costs by 10% and the reagents necessary for treatment by 20%.

In relation to the exceptional increase in costs in Spain, on 2 March 2022 the Government approved a RDL that included the right to an **exceptional price revision in works contracts** that did not include any formula in this regard. This resolution is limited to works contracts (not service contracts or service or works concessions), and expressly excludes the effect of energy from the calculation formula. This situation has led the sector to ask the responsible ministries to extend the measure to the types of contracts that most affect Aqualia, and to initiate the request for tariff or remuneration increases in all contracts, individually.



With regard to the **tariff billing** of residential and industrial customers, it can be considered that in 2022, pre-pandemic consumption has recovered in all regions of Spain. If we compare the volume billed at constant perimeter (including only the contracts that have not changed in the period 2019-2022), it has grown in 2022 for the first time by 0.64% compared to 2019, and the monetary amount has increased by 3.01%. Compared to the previous year (2021), the volume grew by 3.78% and the amount by 5.93%. During 2022, the ban on **water cut-off** for non-payment by vulnerable customers has been maintained, without in practice having significantly affected Aqualia's collection capacity.

As for the sale of bulk water, in 2022 the volumes supplied recovered by 7.6% compared to 2021, exceeding those of 2019 by 7.9%. In any case, this type of supply has little weight in Aqualia's overall business. The aforementioned high-voltage supplies have benefited in their growth from the prolonged **drought** in Spain. In the municipalities operated by Aqualia, there have been no supply restrictions, except in some very specific cases in small local supply systems. During the year, a drought or alert situation was declared in the basins of the Guadiana, Guadalquivir, internal basins of Galicia, Catalonia and areas of Levante and Murcia. In the same way, the Tagus-Segura Aqueduct has reduced the volumes transferred, maintaining those destined for supplying populations. Since November, the rains have made it possible to relax the measures adopted in some areas, but reservoir levels remain low in Andalusia and Murcia. Spanish reservoirs currently store 47.6% of their capacity, 7.8% less than the average for the last 10 years at the same date.

In October 2020, the Spanish government submitted to the EU its proposal for the development of the Recovery, Transformation and Resilience Plan for the Spanish economy. Finally, in June 2021, the final amount of €69.5 billion was approved. Of these funds, the Ministry for Ecological Transition and the Demographic Challenge (MITECO) has approved €2 billion for projects for the construction of WWTPs, energy transition and flood prevention. In March, the **PERTE for the digitalisation of the water cycle** was approved, with a budget of 3.06 billion euros, of which 1.92 billion euros are earmarked for the urban water cycle. In September, the rules governing the granting of aid for these projects were approved, as well as the first call for demonstrative digitisation projects in the urban water cycle, with a budget of 320 million euros. The second call will be approved in 2023 and will be allocated on the basis of population criteria. Several projects will be submitted to the calls, in the hope that this will serve as an accelerator for the ongoing digitisation.

In the commercial sphere, 2022 has been a great boost for activity in the industrial water sector. The WWTP for AITASA in the Tarragona Chemical Park was completed and its operation started. Aqualia was also awarded contracts for ENCE (Pontevedra), JEALSA (La Coruña) and Puratos (Gerona), and has 40 projects in the commercial development phase. It has also given a strong



boost to the field of reuse, where it has been awarded a plant at the El Ejido WWTP (Almeria) and desalination, where the company is in the start-up phase of the IDAM Mar de Alborán (Almeria) and has been awarded projects in La Gomera and Tenerife. The refurbishment of the Galindo (Bilbao) and Puerto de Santa María (Cádiz) WWTPs is underway.

In the municipal concessions market, Aqualia has been awarded nearly 90 tenders or extended contracts. Highlights include Garrucha (Almeria), L'Ampolla (Tarragona), Lluçmajor (Balearic Islands), Castell Platja d'Aro (Girona), Torrox (Malaga), Mazarrón, Los Alcázares, Fortuna and Pliego (Murcia), Santa Cruz de Bezana (Cantabria), Villaviciosa (Asturias) and Arnedo (La Rioja).

O&M contracts include the operation of the Oviedo WWTP (Asturias), the Rioja Alta system and the Tarazona system (Aragon), the sewerage contracts in Vizcaya lot 1 and Zaragoza, and lastly, the integrated management of the sewerage system in Zaragoza and Cantabria for ACUAES.

In the **institutional and legislative field**, the meetings of the Urban Water Cycle Round Table 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, foreseen in the PERTE. The Government has approved, in the first days of 2023, the Transposition of the new Water Quality Directive intended for human consumption. It also plans to amend the Consolidated Text of the Water Law and the Regulations on the Public Hydraulic Domain. Finally, revisions to the Water Laws of Extremadura, Aragon, Castilla la Mancha and Galicia are under review or have already been approved, with a strong commitment to the regulation of the urban water cycle. In 2023, municipal elections will be held in Spain, which normally delays the pace of tenders and increases the media discussion about public and private management of essential public services.

It is a continuous policy of the company to seek **efficiency in operational management**, highlighting the effort made in 2022 to reduce costs, especially in the reduction of consumption (energy, materials and water purchases), an action that has allowed for an improvement in efficiency ratios, despite the aforementioned price increases. Progress has been made in the creation of regional logistics centres to obtain synergies in purchasing capacity and to have warehouses provided by suppliers.

During the year, we continued to reduce costs linked to customer management, with policies of pursuing fraud in the measurement of consumption, strengthening electronic invoicing, increasing the direct debit 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 technology centres in Denia (Alicante), Oviedo and Toledo have been put into operation, where the **Aqualia Live** comprehensive digital management tool for water services is being developed, which enables integrated management of water networks, incidents, issuing of work orders, asset management and meters. It is in the implementation phase in six other regional centres.

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 policy of social, economic and environmental responsibility, the 2021-2023 Sustainability Plan is currently being developed. Likewise, Aqualia, as a founding member of the **StepbyWater Alliance**, maintains the momentum for the development of its founding objectives, under the chairmanship of Aqualia's CEO, Felix Parra.

2.2. International market

In the international sphere, Aqualia has concentrated its activity during the 2022 financial year in Europe, North Africa and the Middle East (MENA) and Latin America (LATAM).

2.2.1. Europe

The gradual recovery of normality, as the restrictions in response to Covid-19 were removed, caused water consumption to fall by 1.4% on average in the areas where Aqualia operates in the rest of the European continent, mainly due to lower demand from residential customers. However, the growth in perimeter, tariff management and the increase in consumption by non-residential customers caused Aqualia's turnover in Europe to increase in aggregate in 2022.

On the other hand, the price increase in the **energy markets** also caused a large upward change in prices in the European countries in which Aqualia operates. However, the solidity of the regulated systems in some countries and, in general, the foresight in the signing of closed price contracts that characterised the company's management in previous years, meant that Aqualia was not affected by the sharp increase in energy costs.

In **France**, Aqualia continued to consolidate its position as the fourth largest water operator in the country, adding new contracts to its portfolio of projects under management, including its first successes outside the Paris region of Île de France. In particular, the company was awarded the contract for the management of drinking water for the next 10 years in the Forêt du Theil area in the Ille-et-Vilaine department, as well as the contract for the management of drinking water for 9 years in Kergoff, both in Brittany. In addition, the subsidiary SEFO was awarded the



water management contract for the municipalities of Rambouillet, Bonnelles and Bullion, and the sanitation management contract for the municipalities of Bois d'Arcy, Bièvres, Jouy-en-Josas and La Celle Saint Cloud, in the Versailles area. The company was also awarded the contract for the maintenance of public facilities in Enghien-les-Bains, also in Ile de France. At the beginning of 2023, Aqualia will provide service in 91 municipalities in France, having increased the population served in France to 424,000 inhabitants, an increase of 200% since entering the country in 2019.

In the **Czech Republic**, the tariff framework for water and supply approved in 2021 by the Ministry of Finance became fully applicable in 2022 and reinforces the model of active management of the infrastructure, so as to guarantee its sustainability, both technically and economically, in the short and long term. In this context, the Aqualia group companies in the Czech Republic have continued to invest in the improvement of the networks and the digital transformation of the service to contribute to making increasingly efficient use of the resources employed. In addition, Aqualia was awarded new contracts in the country, such as those for the operation of sewerage networks in Krmelín, Albrechtice and Rychvald.

In **Italy**, the concession managed by Aqualia's subsidiary in the country, Acque di Caltanissetta, was one of the beneficiaries of the Italian government for receiving European funds, within the REACT-EU funding programme for Recovery and Resilience Plans. Specifically, Caltanissetta obtained some 14 million euros for the installation of new remote reading systems for 90,000 subscribers, the automation and remote control of the installations and the improvement of the networks in the Sicilian province.

In **Portugal**, the problems arising from prolonged droughts have aroused the interest of the public authorities in assessing the feasibility of constructing, for the first time in mainland Portugal, desalination plants. In addition, public investments have been committed to drought control in the Algarve, Madeira and Alentejo and other public programmes are expected to incorporate investments for wastewater reuse projects. Aqualia, together with other private operators, is trying to maintain active communication so that part of these investments can be channelled within the robust Portuguese concession framework with equal opportunities for public and private operators. Another line of action of the Portuguese government focuses on public support for decarbonisation and renewables, including green hydrogen. In this regard, a consortium led by Aqualia and FCC Construcción was proposed as the winning bidder for the installation of a green hydrogen production plant, including water supply and treatment facilities, in Setúbal, a pioneering project in this field in the country.

In **Georgia**, the acquisition of *Georgian Global Utilities* (GGU) was completed in February 2022, which provides integrated water cycle services in the country's capital Tbilisi, as well as in two



other nearby towns, Mtskheta and Rustavi. In total it serves a population of 1.4 million inhabitants.

GGU owns and operates the water cycle infrastructures of Tbilisi, Mtskheta and Rustavi, including: the Zhinvali dam and reservoir, with a capacity of 520 Hm³, 7 water treatment plants, a large wastewater treatment plant, 58 pumping stations, 118 reservoirs, 4,300 km of distribution networks and 1,700 km of sewerage. It also owns and operates important renewable energy generation assets, with an installed capacity of 150 MW in 4 hydroelectric plants.

The previous owner, Georgia Capital, is Georgia's largest investment group, listed on the London Stock Exchange, with a highly diversified portfolio in sectors such as banking, insurance, healthcare, pharmaceuticals, food and real estate, among others.

Aqualia and GCAP reached a two-phase acquisition agreement: in the first phase, Aqualia acquired 65% of GGU, which included the water assets, renewable energy associated with the water service and other independent renewable energy assets.

In a second phase, GGU spun off the independent renewables assets, leaving only the water assets and the 4 hydroelectric plants associated with the water cycle infrastructures in the perimeter of GGU, with Aqualia's final stake being 80% of GGU. Georgia Capital remains a 20% shareholder of GGU.

Georgia is a country with a thriving economy, transparent and open to foreign investment, a preferential partner of the EU, with an Association Agreement in force since 2016. With a population of 3.7 million, it receives 8 million tourists per year and ranks among the countries with the highest business friendliness (*World Bank. Ease of Doing Business Rank*) and transparency (*Transparency International IPC Rank*), at similar or better levels than several EU member countries. Georgia's economy is growing in double digits even now during the war in Ukraine.

In Georgia, water management, like energy and gas, is a sector regulated by the *Georgian National Energy and Water Supply Regulatory Commission* (GNERC). The regulatory system, of the RAB (*Regulatory Asset Base*) type, is aimed at attracting investment in the *utilities* sector, ensuring that investors recover their investment and operating costs with adequate returns. It is a system familiar to Aqualia as it is very similar to the one in place for Smvak (a wholly owned subsidiary of Aqualia) in the Czech Republic.



In the Glina wastewater treatment plant expansion project in **Romania**, shared with FCC Construcción, the resources available on site were reorganised and increased and it was possible to accelerate the pace of execution of the civil works in order to be able to complete the installations and start up the plant expansion in 2023.

In **Montenegro**, the disputes with the client over the Berane project, now completed and operational, were resolved amicably and favourably, while disputes continue over the Pljevlja plant, which was completed in previous years and whose contract was resolved in accordance with the legal mechanisms established therein. Finally, the Prizren wastewater treatment plant in Kosovo received a proposal for final acceptance.

In the **United Kingdom**, the consortium in which Aqualia participates was selected by the British water company United Utilities, along with two other competitors, for the restricted tender for the renovation and maintenance of the Haweswater aqueduct, north of Manchester. This is the first concession project of the *Direct Procurement for Customers* type, promoted by the English water regulator, Ofwat, to attract the investment and execution and operation capacity of large multinational infrastructure and water groups.

2.2.2. MENA

In **Algeria**, the two desalination plants, Mostaganem and Cap Djinet, have continued to operate at full capacity and without significant incidents, providing a critically important service to the population of the country's most important metropolitan areas, Oran and Algiers.

In the case of the Cap Djinet plant, this year a complete cleaning of the underwater immisario was also carried out using *Pipe Inspection Gauge (PIG)* technology for the first time at the plant, which meant making the necessary prior adaptations to be able to use this technology for launching cleaning elements inside the pipe located on the seabed.

This cleaning system is much safer from the point of view of the health and safety of the personnel, since it is no longer necessary to carry out manual cleaning by means of divers. In addition, it allows a much higher degree of pipe cleanliness to be achieved, which significantly increases the safety of the supply.

In **Egypt**, Aqualia completed the commissioning works of phases 1 and 2 of the Abu Rawash wastewater treatment plant, with a treatment capacity of 1,600,000 m³ /d, which serves the western area of the city of Cairo, to the full satisfaction of the client.



This plant, the largest in Africa and one of the largest in the world, will provide an enormous amount of treated water for use in irrigation under proper sanitary conditions, thus improving the living conditions of millions of people around Cairo.

After completion of the commissioning phase, the operation and maintenance phase has begun, with a duration of 3 years.

As for the Alamein seawater desalination plant, an extension of the operation and maintenance contract was signed for a period of 5 years. The Alamein desalination plant, with a capacity of 150,000 m³ /d, constitutes a first level reference within the desalination plan designed by the Egyptian government with the aim of reducing the country's water stress in the Mediterranean and Red Sea coastal areas.

The Egyptian government is soon expected to launch new desalination tenders in PPP format, for which Aqualia is pre-qualified.

In **Saudi Arabia**, Aqualia completed the water service infrastructure works for the new Formula 1 circuit in Jeddah and for lines 5, 6 and 7 of the Riyadh metro in 2022.

Likewise, with regard to the desalination plants operated by the subsidiary Haaisco, which are the following: Jeddah international airport desalination plant, KAUST university desalination plant and Petrorabigh desalination plant, all of them worked at full capacity. As for the Jizan desalination plant, commissioning work was carried out with a view to its full operation in 2023.

However, in terms of business in Saudi Arabia, the most important milestone in 2022 was the award of two contracts in the first phase of the water distribution privatisation programme in the country, tendered by the National Water Company. The first phase of this programme consists of the tendering of management, operation and maintenance contracts for 7 years for six geographical areas, called *clusters*, into which the management of the water cycle in the country has been divided. In a second phase, long-term concessions will be launched for the private management of the complete water cycle in the same geographical areas.

Aqualia leads consortia that were awarded two of the six contracts, those of the North Cluster and the South Cluster. The other four contracts were awarded to consortia led by Saur, Veolia and Suez.

Each of the two Cluster contracts comprises a team of 37 professionals who will manage and transform the client's existing water management organisation in the provinces of each Cluster.



They will also carry out an ambitious programme of modernisation and optimisation of the full water cycle services, aimed at preparing them for the privatisation phase.

The South Cluster includes the governorates of Jizan, Al Baha, Najran and Asir, and serves a population of 5.5 million. Work began on 1 June. The Northern Cluster comprises the governorates of Qassim, Hail, Al Jouf and Northern Border, serving a population of 2.5 million. Work will begin on 1 January 2023.

In the **United Arab Emirates**, the subsidiary Aqualia MACE continued to provide the operation and maintenance service 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.

Continuing with the expansion of the operating business, a contract was signed with Al Ain Distribution Company (AADC) for the operation and maintenance of water distribution infrastructures for irrigation in agricultural production facilities and for irrigation of recreational areas. This contract has a duration of 3 years.

Oman. During 2022 Aqualia has continued to operate without incident the management of the integral cycle of the Sohar port area through the subsidiary Oman Sustainable Services Company. In this year, the transfer of assets to be operated was completed, so that all the infrastructures for seawater desalination, supply and distribution of drinking and process water, distribution of cooling water for industries, collection and treatment of wastewater and distribution of reused water for irrigation are now fully operational.

In **Qatar**, work has begun on the operation phase of the Al Dhakhira wastewater treatment plant in the north of the country, with a capacity of 55,000 m³ /d, which will be operated by Aqualia MACE for 10 years. The Al Dhakhira plant supplies treated water for garden irrigation to areas near the Al Khor stadium, one of the main venues for the World Cup.

Likewise, within the framework agreements that Aqualia has signed with the Ministry of Public Works of Qatar for the execution of works on sewerage networks and infrastructures, work continued in 2022 on several internal lining projects for collectors.

2.2.3. USA. USA.

During 2022 Aqualia has maintained its commercial activity in the United States, actively seeking 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.

Increasingly stringent legislation on the control and elimination of emerging pollutants for the protection of aquifers and surface waters 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 2022 Aqualia has consolidated its presence in **Mexico**, becoming a benchmark company in the sector with a highly diversified portfolio of assets, making it a benchmark in the country. This portfolio includes the distribution and purification of water with the Querétaro and San Luis de Potosí BOT contracts, desalination through the Guaymas BOT, wastewater treatment thanks to the Cuernavaca WWTP BOT contract and the Integrated Management Improvement project, with a BOT contract structure, in Los Cabos, Baja California Sur.

The experience acquired in the BOT contracts is being used to propose projects of similar characteristics 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 under the BOT scheme, and whose execution was slightly delayed by the pandemic, came into operation in mid-2022.

In **Colombia**, construction has continued on the El Salitre WWTP (Wastewater Treatment Plant) in Bogotá. The plant is expected to be completed in 2023.

In the last quarter of 2022, Aqualia has incorporated the services of Flandes, Ruitoque, Aguas de la Sabana, Aguas de la Península, Aguas de Albania, Aguas de Aracataca, Aquamag Fundación, Aquamag Retén and Aguas del Sur del Atlántico into the perimeter, with which the company practically reaches one million inhabitants served in Colombia and has become the second largest private operator in the country. It should be noted that Aqualia owns the assets in the Aguas de la Sabana and Ruitoque concessions.

In addition, Aqualia has continued to integrate and improve the management of the services acquired in 2020 in the Department of Córdoba: Aguas de Sinú, Uniaguas and OPSA, as well as the municipality of Villa del Rosario.



In **Peru**, the State is immersed in a process of evaluating the efficiency of its public utilities in order to give way to private initiative in those with the worst management indicators. During 2017, five private initiatives for wastewater treatment were presented. Of these five private initiatives, three entered the structuring phase in 2022; one has completed the ProInversión studies with their respective feasibility; and the other is in the formulation phase.

A private initiative for desalination in the municipality of Ilo was presented in 2021 and obtained the declaration of viability of the project by ProInversión in 2022.

A seventh private initiative, a seawater desalination plant in the north of the country, was presented in 2022 and is currently under development.

3. RECRUITMENT

3.1. Domestic market

In the 2022 financial year and after the effects of the pandemic in previous years, public procurement activity has been normalised for concessions for the integral management of water services, the contracting of operation and maintenance services has been maintained, as well as the contracting of water infrastructure works.

From the point of view of public tendering and contracting with private clients, the following stand out:

- Garrucha (Almería); concession of the drinking water supply, sewerage management and waste water treatment service for a period of 25 years and a value of 55.35 million euros.
- Galindo (Vizcaya); construction, renovation and improvement of the primary treatment of the Galindo wastewater treatment plant for 26.70 million euro.



- Asturias; operation, maintenance and conservation service for the sewerage and treatment systems of the Nora, Noreña and Villabona river basins and the Villapérez waste water treatment plant for a period of 4 years and an amount of EUR 14.15 million.
- Boiro (A Coruña); construction and operation of the industrial water treatment plant of JEALSA (Conservas Rianxeira) for a period of 12.5 years and an amount of 12.58 million euros.
- L'Ampolla (Tarragona); concession of the drinking water supply service and maintenance of the municipality's sewerage network for a period of 20 years and a contract value of 11.60 million euros.
- San Sebastián de la Gomera (La Gomera, Sta. Cruz de Tenerife); installation of a seawater desalination plant for 5.99 million euros.
- Playa de Santiago (La Gomera, Sta. Cruz de Tenerife); installation of a seawater desalination plant for 5.50 million euros.
- Villasequilla (Toledo); supply and sewerage service concession for a period of 15.6 years and a contract value of 5.49 million euros.
- El Ejido (Almería); emergency work to upgrade and improve the tertiary treatment of the waste water treatment plant for 4.39 million euro.
- Puerto de Santa María (Cádiz); upgrading and improvements to the Las Galeras waste water treatment plant for EUR 4.08 million.
- Carrascal de Barregas (Salamanca); concession of the public service of drinking water supply and sewerage for a period of 15 years and a contract value of 3.84 million euros.
- Vizcaya; operation and maintenance service for the primary sewerage network managed by the Bilbao-Bizkaia Water Consortium for a period of 3 years and an amount of 3.55 million euros.
- Castilla La Mancha; construction of waste water treatment plants in Tobarra (Albacete), Sigüenza (Guadalajara) and Villanueva de Alcardete (Toledo) to be executed in 2.5 years and costing EUR 2.95 million.



- La Guancha (Tenerife, Santa Cruz de Tenerife); infrastructure project for the management and guarantee of the water supply and desalinated water flows of the Santa Cruz de Tenerife desalination plant, for a period of 1.6 years and an amount of 2.54 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 261 contracts with a portfolio amounting to 524.38 million euros, equivalent to 98% of those that expired during the year, among which it is worth noting:

- Lluçmajor (Mallorca, Balearic Islands); comprehensive management of the drinking water supply, sewerage and drainage service for a period of 20 years and a contract value of 167.80 million euros.
- Castell-Platja d'Aro (Girona); service for the integral management of the drinking water supply service for a period of 25 years and a contract value of 114.06 million euros.
- Zaragoza and the Ebro corridor (Zaragoza); operation services for the high water supply to Zaragoza and the Ebro corridor, the Lower Ebro Aragónés, Alcañiz, Calanda, Castelserás, the central area of the Cuencas Mineras and the water supply to Cantabria (first phase), for a period of 2 years and a contract value of 9.09 million euros.
- Rioja Alta - Najerilla (La Rioja); operation and maintenance service of various sewerage, water treatment and supply facilities in the Rioja Alta-Najerilla area for a period of 4 years, with a contract value of 6.44 million euros.
- Madrid (Madrid); operation and maintenance services for the sewerage network and complementary installations in the Valdebebas and Rejas, Sur and Sur Oriental sub-basins for a period of 8 months and a contract value of 6.21 million euros.
- Toledo (Toledo); maintenance, conservation, operation and recovery service for the wastewater treatment plants of the city of Toledo and Santa María de Benquerencia for a period of 1 year and a contract value of 4.39 million euros.
- Zaragoza (Zaragoza); mixed contract for services and minor conservation and repair works for the cleaning and maintenance of the sewerage network, urban drainage and network of underground ditches for a period of 1 year and a contract value of 2.88 million euros.
- Vigo (Pontevedra); contract for the management of the City Council's indoor swimming pools and gymnasiums for a period of 1 year and a contract value of 2.83 million euros.



3.2. International market

In the international market, Aqualia has maintained an important activity in tenders in different areas and in the acquisition of companies already established in the sector, with those of the following standing out:

- Tbilisi (Georgia); partial acquisition of Georgia Global Utilities (GGU), concessionaire and owner of the integrated water utility assets of Tbilisi, Rustavi and Mtskheta.
- Colombia; acquisition of the concessions of domiciliary public utilities of aqueduct and sewerage in Colombia:
 - Foundation; for a period of 21 years and a contract value of 143.27 million euros.
 - Maicao; for a period of 12 years and a contract value of 83.02 million euros.
 - Manatí, Candelaria, Repelón, Campo de la Cruz, Santa Lucia and Luruaco; for a period of 16 years and for an amount of 58.71 million euros.
 - El Retén; for a period of 25 years and a contract value of 29.27 million euros.
 - Aracataca; for a period of 9 years and a contract value of 15.71 million euros.
 - Albania; for a period of 6 years and a contract value of 4.76 million euros
- Cota, Funza and Tenjo (Bogotá metropolitan area, Colombia); acquisition of 79.8% of Aguas de la Sabana de Bogotá, concessionaire and owner of the water and sewerage service assets of the agro-industrial area of Bogotá, with a contract value of 254.20 million euros.
- Flandes (Tolima, Colombia); operation, expansion, rehabilitation, infrastructure maintenance and commercial management of the public water and sewerage services for a 20-year period and a contract value of 125.84 million euros.
- South Cluster (Saudi Arabia); contract for the management, operation and maintenance of the integrated water cycle in the Saudi regions of Assir, Jazan, Baha and Najran in the south of the kingdom for a period of 7 years and a contract value of 99.41 million euros.
- North Cluster (Saudi Arabia); contract for the management, operation and maintenance of the integrated water cycle in the Saudi regions of Qassim, Al-Jouf and Hail for a period of 7 years and a contract value of 88.03 million euros.



- Floridablanca, Girón and Piedecuesta (Santander, Colombia); acquisition of the assets of Ruitoque S.A E.S.P., which has concessions for water services for urbanisations in the three municipalities, with a contract value of 47.33 million euros.
- Ille-et-Vilaine (France); concession of the public drinking water service for a period of 10 years and a contract value of 26.49 million euros.
- Rambouillet (Yvelines, France); public drinking water service concession for a period of 9.4 years and a contract value of 12.12 million euros.
- El Alamein (Egypt); extension of the operation and maintenance contract for the El Alamein desalination plant for a period of 5 years and a contract value of 5.30 million euros.
- Andrésy (France); concession of the sanitation service of Andrésy, Chanteloup-les-Vignes and Conflans-Sainte-Honorine, sector D, Yvelines, for a period of 6.7 years and a contract value of 3.75 million euros.
- Enghien-les-Bains (France); facility maintenance services for a period of 4 years and a contract value of EUR 2.16 million.
- Krmelín (Moravian-Silesian Region, Czech Republic); contract for the operation and maintenance of the sewerage network for a period of 5 years and a contract value of EUR 2.15 million.
- Bois d'Arcy, Bièvres, Jouy-en-Josas et La Celle Saint Cloud (Yvelines, Versailles Grand Parc - France); contract for the operation of the sewage and rainwater drainage service for a period of 3.2 years and a contract value of EUR 2.06 million.

4. FORESEEABLE DEVELOPMENTS

In **Spain**, expectations for 2023 are for the levels of activity obtained in 2022 to be maintained, once the drop in consumption caused by the Covid-19 pandemic has been overcome. This situation will be reinforced by the new contracts added to the perimeter during 2022, and the commissioning of the Mar de Alborán IDAM.

It is expected to maintain the high contract renewal rates that Aqualia has historically recorded at the expiry of its contracts, above 90%. A normalisation of electricity tariffs is envisaged, including a possible slight reduction in tariffs. In order to reduce them, policies will be developed



to increase the number of electricity contracts negotiated in fixed price, PPA and futures contracts. A new 75GWh PPA supply contract will start in the 4th quarter of 2023.

Municipal elections will be held in Spain in 2023, which historically reduces new tendering activity. Even so, several completed contracts are expected to be tendered and are currently operated by competing companies (San Javier in Murcia). Also, several EPC projects linked to wastewater treatment services are expected to be tendered, particularly those in Madrid. It is also considered that a large number of the municipalities managed by Aqualia will adjust their tariffs or the company's remuneration to reflect the effect of the CPI increase in 2022.

During the first half of the year, the subsidies for the 1st phase of the PERTE for the digitalisation of water, for the urban water sector, should be awarded, and in the 2nd half of the year, the 2nd phase will be put out to tender. Aqualia expects to be awarded one of the proposals submitted.

In the concession businesses of the **international activity**, tariff revenues will grow as a result of the generalised increase in water and sanitation tariffs to be applied to end customers. Despite the inflationary crisis, the EBITDA margin of these businesses will be maintained due to the application of water and energy efficiency measures derived from the company's sustainability strategy.

Throughout the year, the design of renewable energy generation projects will be promoted in order to **reduce the carbon footprint** of the activity in the countries in our area of activity (Mexico, Qatar, Georgia, Portugal). The development of **construction projects** will be fairly limited in international activity as a result of the completion of the Salitre WWTP and the Glina WWTP, being exclusively limited to the execution of projects linked to our own concessions.

No major variations in **O&M activity** are expected. Existing contracts will continue to develop at their normal pace and new contracts in Saudi Arabia, Oman and Qatar will enter the perimeter.

In **Colombia**, the concession business will evolve favourably with the 100% consolidation of the concessions acquired and awarded in 2022, **efficiency improvements in the existing concessions and the synergies obtained from their integration**. **New tenders** for municipal concessions and **new procurement opportunities** will also be presented throughout the year. The BOT for the design, financing, construction and operation and maintenance of the **Canoas WWTP** will finally be launched to the market.



The operational problems encountered in **Mexico at the** Guaymas desalination plant and the Realito aqueduct will be definitively resolved. The Los Cabos Integrated Management Improvement project will start in the course of 2023.

In Peru, due to political instability, it is likely that there will be delays in the launch of water infrastructure projects in desalination and water treatment planned for 2023 through its Private Investment Promotion Agency (Proinversión). Aqualia has 5 private initiative projects under development in water treatment and another 2 in desalination.

The search for and securing of a **first project in the United States** that meets the characteristics that Aqualia desires both in terms of profitability and as a platform for further development in the country will continue to be an objective during 2023.

In **France, development activity** will continue to increase through the search and selection of new business opportunities in municipalities within the current perimeter (île de France, Brittany) and beyond (Normandie, Alsace, Lorene, Val de la Loire, Haut de France, etc.).

In 2023, **entry into new countries** with stable regulatory systems and legal certainty will be sought. This is the case of the **United Kingdom**, which is developing a programme to implement hydro projects through its *utilities* under the auspices of the regulator Ofwat.

Georgia expects to maintain the trend of the results of the current year and will lay the foundations for the definition of an **Infrastructure Master Plan** with special emphasis on the volume of investments to be made during the regulatory period 2024-2026.

During the year, the ambitious **Desalination Plan in Egypt associated with photovoltaic energy generation** will begin, in which Aqualia is leading a multidisciplinary and multinational consortium for its participation.

In **Saudi Arabia**, the management projects of the **two clusters** awarded out of the six tendered by the NWC will be launched in 2022. In addition, the operation of the Jizan desalination plant will be consolidated and the contract for the operation of three **mobile desalination plants along** the Saudi coast will be launched.



5. CUSTOMER MANAGEMENT

For Aqualia, it is essential to extend the company's commitment to society, seeking excellence in customer service. The company aims to differentiate itself in the market by developing services adapted to the needs of its users. During 2022, it has continued to make progress in a strategic orientation towards the end customer, with special attention to the quality of the interaction channels 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 2022 in the Customer Service Channels (*aqualia contact*) are as follows:

- **Telephone customer service.** The Customer Service Centre received **985,095** calls in 2022.
- The specialised attention of the managers, as well as the proactivity and speed in the telephone service 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.

In 2022, **37,776** appointments were arranged for face-to-face service in our offices in a more controlled manner and without waiting.



- **aqualia contact virtual office.** In 2022, **152,674** interactions were managed through the virtual office. Among them, 32.87% were data modification; 21.82%, activation of electronic billing; and 24.41%, payment by bank card.
- **Application for mobile devices.** Through the *app* made available to customers, **87,238** interactions were managed in 2022, with **73.43%** of them involving payment by credit card and **18.26%** involving the modification of data.
- **Twitter @aqualiacontact.** Through the @aqualiacontact account, messages sent by users are dealt with and managed (**1,024** in 2022). Also SMS messages for notifications of bills with incidents and notices of network breakdowns (**897,476** SMS messages sent in 2022).

The efficiency of all customer relations channels has led to a **very low complaints rate of 0.71%** in 2022, with a **maximum average response time to complaints set at 10 calendar days**. Also noteworthy is the maximum average meter installation time (from the time of request for registration), set **at 6 calendar days**.

In order to respond to customers' high expectations 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 2023 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 pleasant 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 for greater attention with more agile and efficient management for clients, such as:

- Professional *Whatsapp*
- *Click to call* from the web
- *Bizum*® payments
- Electronic invoice management via *email*
- 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 the management tools themselves, as in the development of new utilities in the *Business Intelligence* tool. During 2022, many improvements were made to this tool, including information on production pending billing, including the values of adjusted and total cubic metres; in the profitability of meters replaced, incorporating the type of customer and the dates of installation of the meters that have been replaced; in fraud, the type of fraud and the final status of the file have been incorporated. A scorecard is being developed for the meter fleet based on ranges by age and reading rates, with information on the number of meters and billing data, in terms of cubic metres, variable amounts and average tariffs, which will help in the process of optimising the replacement of meters. With regard to the billing and debt management tool for non-tariff items, the functional designs have been defined for the incorporation of the multi-currency and multi-language requirements, and the final functional design of the billing requirements in France has also been defined, which will enable the implementation of all international services with both developments.

At December 2022 the **billing** has varied with respect to the previous year with an increase in consumption of m³ of 0.92% mainly due to the increase in non-domestic consumption (9.77%) and high water consumption (6.98%), with a decrease in domestic consumption (-2.63%), especially due to the modification of the Vigo tariff system in the last four months of 2021; without taking this service into account, the total variation is 4.51%. This trend means that at the end of December 2022 there will be an increase in the billing amount of 5.67% (5.95% without Vigo) compared to 2021, and an increase of 3.07% compared to the value of 2019, prior to the pandemic.

By country, the variations in turnover in 2022 compared to 2021 were as follows:



	%dif facturados	%dif m3/día facturado	%dif tarifa media	%Dif. Importe conceptos propios
ESPAÑA	0,79%	0,85%	3,18%	4,00%
CHEQUIA	-1,07%	-1,07%	8,53%	7,37%
ITALIA	-2,57%	-2,35%	4,58%	1,90%
PORTUGAL	0,03%	0,40%	2,63%	2,66%
FRANCIA	-3,30%	-3,05%	7,33%	3,75%
COLOMBIA	1,20%	1,20%	5,27%	6,53%
GEORGIA	2,63%	2,63%	29,39%	32,79%
TOTAL	0,92%	1,00%	4,71%	5,67%

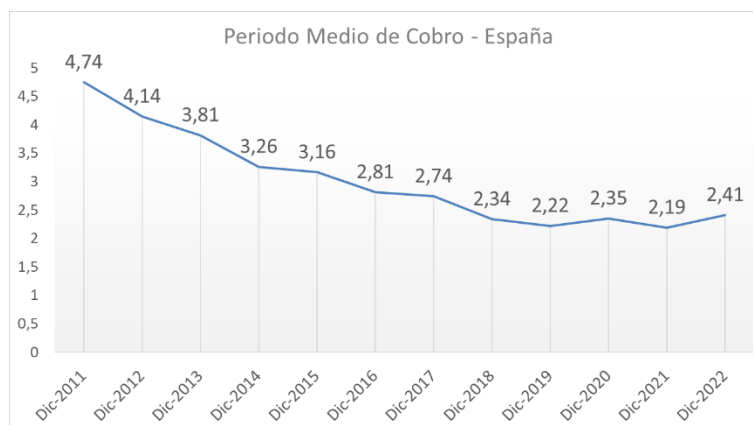
With regard to the different collection methods, direct debit accounts for 82% of total collections, followed by bank transfer (8%), cash collection (3%), bank counters (3%) and POS (2%).

5.2.1 Average collection and default period

In Spain, the continuous improvement of management processes has led to an average tariff collection period in Spain of 1.92 months, which places Aqualia at pre-pandemic levels.

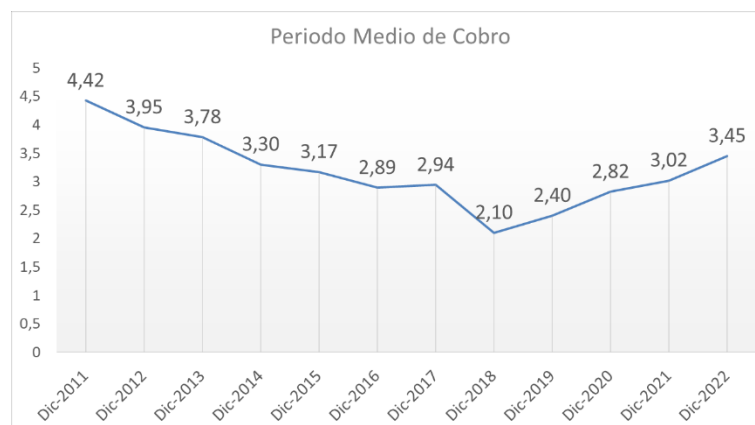
With regard to non-tariff items, there has been an increase in the average collection period, mainly due to the development and completion of the Aguas Industriales de Tarragona (AITASA) project, billed in advance from 2020, and the start of the treatment service from June 2022;

These variations slightly raise the average collection period for both items in Spain.

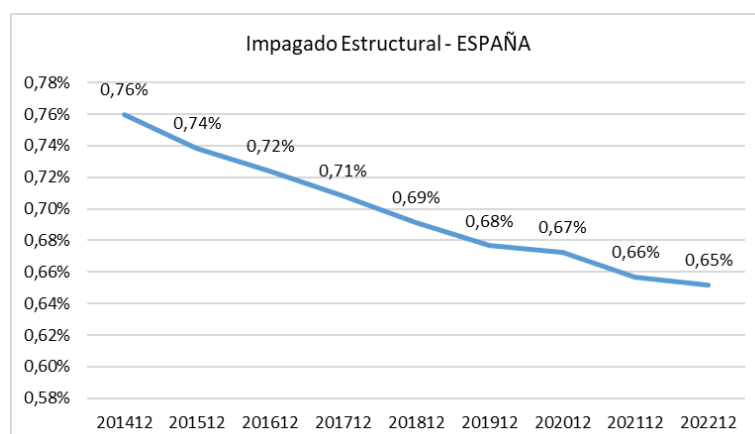




At Aqualia's global level, there has also been a slight upturn in the average collection period due to the increase in activity in the International area in recent years, with the incorporation in 2020 of the Departamento Córdoba and Villa del Rosario concessions acquired in Colombia, the acquisition of the French companies of the SPIE Group in 2019, the acquisition in January 2020 of the Qatarat and Haaisco companies (Saudi Arabia), the progress of work on the Salitre WWTP (Colombia), and in 2022 the incorporation of the Georgian companies, the new companies and concessions in Colombia (Magdalena, Flandes and Sabana) and the new concessions obtained in France (Mantes and Rambouillet).



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 invoicing and progressively replace as many paper invoices as possible. This action has led to a 19% increase in the number of electronic invoices issued by December 2022 compared to the previous year, reaching an overall ratio of 20.45% in Spain and a cumulative total of 36.25%, thus contributing to the fight to preserve the environment, with 1,284,945 customers opting to receive this type of invoice and issuing more than 9,300,000 electronic invoices per year.

5.2.2. Meter Reading Mobility Project

During the 2019-2020 period, an ambitious meter reading project was developed. 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.

- Until December 2020 it was implemented in:
 - 439 services implemented (Spain) and 6 (Italy and Portugal)
 - 5,296,171: readings to date with the new app
 - 20,241: routes of readings exported to the *app*
 - 2,589,927: contracts exported to be read in the *app*
- The full roll-out was completed in the first quarter of 2021 and in 2022 the service has been stabilised by incorporating it into business processes.

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 back office and



will be deployed for *call centre* users and the new back office, covering all operations, with the corresponding CRM adaptations currently underway.

- Tests of the technical equipment and the business team have been carried out in 2022 with satisfactory results, planning to start production in the first quarter of 2023.

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 project will allow:

- Possibility of signing in a face-to-face office, virtual office and mobile application.
- Cost reduction by minimising task completion time and paper usage.
- Improved access and storage of documentation

The project is in the final phase, with the Information Security department reviewing and verifying compliance with the necessary security requirements and protocols. It will go into production in 2023.

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 areas affected in the following aspects:



- 1) Employee Scope
- 2) Customer Scope
- 3) Supplier Scope
- 4) Scope of Contractual Relations FCC Group
- 5) Scope of Contractual Relations Public Administrations
- 6) Documentation and internal management
- 7) Area Information Technology and Information Security
- 8) Technical and organisational measures

- **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 2022**

RIESGOS:

PROBABILIDAD

Muy alta - Máxima	0	0	0	0
Alta - Significativa	0	0	0	0
Media - Limitada	9	91	1	0
Baja - Despreciable	127	630	195	0
	Bajo - Despreciable	Medio - Limitado	Alto - Significativo	Muy alto - Máximo

IMPACTO

In 2022, the work begun in previous years will continue:

- Project International transfers of data between FCC Group entities



- Project FCC Group Data Retention Deadlines
- Adaptation of the National Security Scheme Aqualia

A continuous review of implementation and compliance with the principles of the Regulation and the LOPDGDD is also carried out:

- Management, review and reply to *emails* received in the departmental data protection mailbox.
- Review and analysis of new suppliers, contracts and systems prior to implementation.
- Stakeholder rights management
- Conducting on-site visits at national level to monitor regulatory compliance in the offices.
- Compliance monitoring management through questionnaire and meeting via *Microsoft Teams* in international area.

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 commitment to ESG criteria, Aqualia has been renewing its collaboration agreement with Cáritas Española since 2015, subsidising the total water consumption of all Cáritas facilities in Spain where Aqualia provides services. To date, more than 345,000 euros have been subsidised and with UNHCR since 2019 to support initiatives of this humanitarian organisation in Spain. In the same way, access to water has been guaranteed to any person in a situation of vulnerability and payment deadlines have been extended to all customers affected by the pandemic.

The information on tariffs and social vouchers has been published on Aqualia's website and is available to all users. Aqualia also informs customers in the notifications sent to them of the possibility of setting up deferred payment plans. During this year, more than 6,600 payment plans have been made according to the needs of each customer. During 2022, more than 2,300,000 customers had access to subsidised tariffs in Spain, and in the rest of the countries, the number exceeds 210,000 customers.

For Aqualia, it is essential to extend the company's commitment to society, seeking excellence in customer service. The company aims to differentiate itself in the market by developing services adapted to the needs of its users. During 2022, it has continued to make progress in a



strategic orientation towards the end customer, with special attention to the quality of the interaction channels 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. Water and sustainable 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 2022 Aqualia has revalidated its commitment to certification in the **Strategy for the Contribution of Sustainable Development Goals**, by AENOR, in addition to the Sustainability Report, under GRI criteria.

Likewise, Aqualia continues with the strategy of creating shared value, responding to the expectations of its stakeholders, and deepening the tools that make it possible to know and measure the social and environmental impacts, to support the creation of economic value and to increase the company's competitiveness (calculation of social and environmental footprints). To this end, in 2022, work has been carried out on the following aspects:

7. **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).



8. **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 and Energy Management Systems, calculation of the carbon footprint and Health and Safety in the Workplace.
9. **Adaptation to the new ISO 14064-1:2018 standard**, which completes more specifically the calculation of indirect greenhouse gas emissions, previously called Scope 3.
10. 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.
 - Calculation and verification of the carbon footprint of all Aqualia's activity in Spain and Portugal 2021.
 - 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 2021.
 - 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.
11. Participation in **AENOR** meetings and conferences and in **ACS** working groups.
12. 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 into the Management System the treatment of Aqualia's stakeholders and the analysis of the company's context, as a requirement of the new regulations 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.



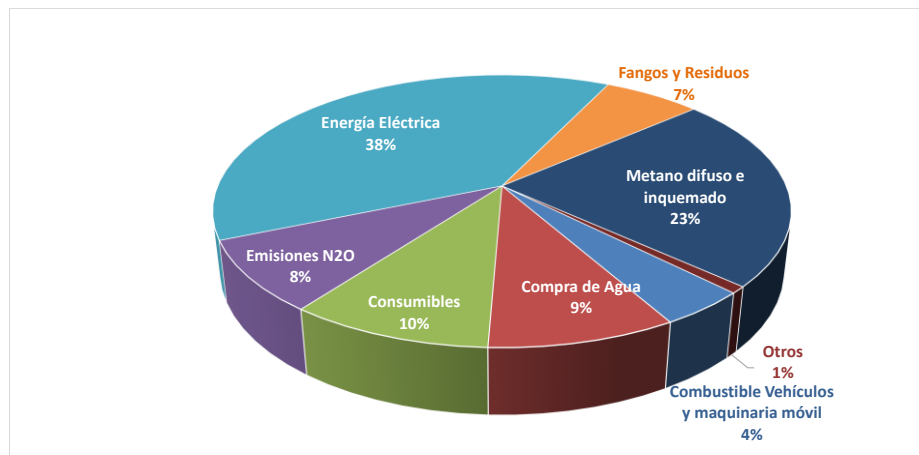
In view of Aqualia's commitment to meeting the SDGs (Sustainable Development Goals), it is necessary to bear in mind that electricity is the factor with the greatest impact on the total balance of GHG emissions.

EMISSIONS CO₂ BY PROCESS. AQUALIA SPAIN 2022

	t CO ₂	t CH ₄	t N ₂ O	GHG (t CO ₂ e)	%
SUPPLY	119.687	0	0	119.741	42,1%
SEWERAGE	11.493	0	0	11.528	4,1%
DEPURATION	60.433	2.340	90	149.887	52,7%
VARIOUS	2.994	0	0	2.994	1,1%
TOTAL	194.607	2.340	91	284.150	



EMISSIONS CO₂ BY AGENT. AQUALIA SPAIN 2022



GHG emissions associated with electricity consumption depend basically on 3 variables:

- Volume of management in terms of services rendered
- Emission factor of the electrical energy used
- Efficiency of managed systems

Logically, the first factor is associated with production and therefore its evolution is linked to the commercial development of the company itself. It is for this reason that the main management efforts are being applied to the other two factors.

a. Improvement of the emission factor of the electrical energy used.

The emission factor depends on the source or combination of different sources for energy generation.

This combination, known as the Electric MIX, depends on the available resources, and therefore suffers strong variations from one year to the next, depending on rainfall, wind, solar radiation, temperatures, etc.

To avoid dependence on this factor, Aqualia is committed to the use of renewable energies. Both through the implementation of renewable energy generation facilities in the infrastructures managed by the company, and through the purchase of green energy.



Currently, 15 photovoltaic energy installations have been commissioned in Spain, with an installed capacity of 3,393 kWp and produced energy of 2.8 GWh.

There are 17 plants in the process of installation, with an installed capacity of 14,332 kWp, with a planned annual production of 25.8 GWh.

b. Improving the efficiency of managed systems

On the one hand, since 2016 Aqualia has implemented the ISO 50001-Energy Management Systems standard.

In accordance with the provisions of this management system, the contracts included within the perimeter of the management system are subject to an energy audit-review every four years, according to the guidelines established in the standard, the purpose of which is to see the results of the efficiency measures implemented since the previous review, as well as the proposal of new measures to improve energy efficiency.

On the other hand, to monitor the opportunities for improvement detected in the audits, an IT tool has been implemented. This tool is integrated with Aqualia's reporting/technical analysis tool (AqualiaRT/AqualiaBI), allowing the actions and results obtained in the audits to be monitored.

Within the measures to improve energy efficiency, it is worth highlighting the commitments made by the company in its sustainability report, which in relation to energy can be summarised as follows:

- P1.1 " By 2023, $\leq 27\%$ of the volume of unregistered water divided by the total volume of water introduced into the distribution network (contracts older than 5 years)".
- P1.2 "By 2023, ≤ 12 . Volume of unregistered water per kilometre of network per day (contracts older than 5 years)".
- P.2 "By 2030, 50% of renewable energy used generated by own installations, PPAs or procurement, divided by total energy consumed (MWC and BOT contracts of more than three years)".
- P2.3 "By 2023. 3% reduction in KWh/m³ of energy used in drinking water adduction, treatment and distribution processes (weighted calculation using the m³ managed in each of the three processes. MWC and BOT contracts over 5 years)".
- P2.4 "By 2023. 3% reduction in KWh/Kg COD removed for energy used in wastewater treatment processes (weighted average value for MWC and BOT contracts older than five years)".



6.3. Projects to improve technical management

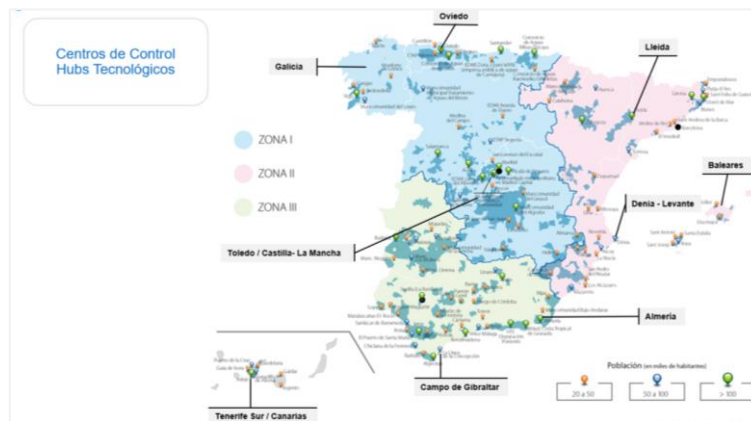
During 2022, as in previous years, we have continued with the implementation and development of activities related to the improvement of management, both at the operational level and the deployment of new platforms to standardise best practices at the technical level of the company. The most important of these have been:

6.3.1. Operations and technical management

6.3.1.1. Technology Hubs

During 2022, the deployment of 9 Technology *Hubs* has begun in Spain, increasing network and plant control sensors, reviewing systems and operations, these centres are born with a double objective:

- To have all systems fully implemented in the services, and to serve as **testing services** for new developments to be carried out.
- Serve as **Operation Centres**, providing support to a large geographical area of the delegations, carrying out analysis, classification of events, study of aeration curves and processing of plants through the systems, in a centralised manner once the systems have been implemented at regional level (more advanced, in the case of Toledo).



6.3.1.2. PERTE Spain projects

The control and correct management of water use in Spain is a constant challenge, in which the different administrations work in a coordinated manner for its correct management. This project promotes the use of **new information technologies in the integral water cycle**, which will improve its management, increase its efficiency, reduce losses in the supply networks and make progress in meeting the environmental objectives set by hydrological planning and international regulations.

The specific objectives of the **PERTE** are:

- Improve knowledge of **water** uses to consolidate integrated water resources management.
- Increase transparency in **water** management in Spain.
- Contribute to the fulfilment of the environmental objectives set out in water planning

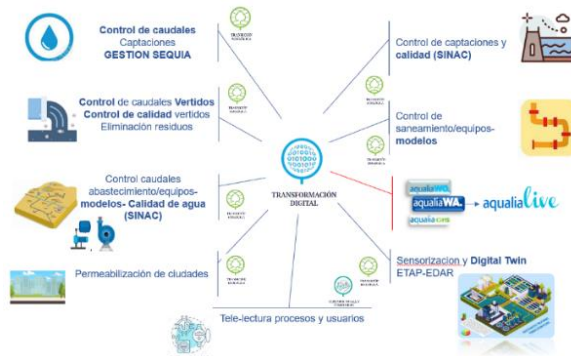




On Friday 1 October 2022, Order TED/934/2022, of 23 September, was published in the Official State Gazette (BOE), approving the regulatory bases for the granting of competitive aid for the development of projects to improve the efficiency of the urban water cycle, and approving the first call for subsidies.

Since February 2022, different areas have been working on this project, an arduous task that has required the detection of digitisation needs at all levels of the contracts selected for the service, the preparation of digitisation master plans in each of them, and the preparation of the presentation project based on the information gathered in accordance with the published bases. All this work culminates with the presentation on 10 February 2023, of 7 projects, most of them with a grouping of managed services or grouping with a value of around 13 million euros each. The projects to be presented are:

- Castilla La Mancha Project
- Campo Gibraltar Project
- Levante Project
- Galicia Project
- Canary Islands Project
- Balearic Islands Project
- Catalonia Project



6.3.1.3. Identification of digitisation needs

In the last quarter of 2022, we began to extend the detection of digitisation needs to all services, with the aim of determining the approximate overall cost of digitisation of the services operated by Aqualia. This work has already been carried out in various delegations such as Castilla La Mancha, Galicia, Centro and during the next year it is intended to have a reality of the services in Spain.



6.3.1.4. Logistics centres

The aim of the centres is not only to unify the criteria for the operation of the services in terms of quality of materials, but also to take advantage of synergies and promote common management operations, to work in a uniform and perfectly organised way.

The project was conceived as a system to promote the reduction of fixed assets, distribution and service, to reduce the time spent by contracts not only in the choice of material, but also in the follow-up of orders, etc., favouring internal purchases.

- Minimising the workload of the services when placing orders
- Optimisation and reduction and control of fixed assets (relocation of service parts)
- Price improvement for large consignments (suppliers see their costs for transport and administrative time minimised).
- Agreement with logistics company transport of material
- Traceability of materials through NOW
- Supporting and invoicing through SAP internal procurement
- Connectivity, availability and service

During 2022, the implementation of a new logistics centre, Valdepeñas, was completed, in addition to the existing logistics centre in Salamanca.

Following on from these, a further 9 logistics centres are in the implementation phase, with operations scheduled to start in 2023.





ID	ZONA	UBICACI...	Problema	TIPO TAREA	Descripción del problema	Prioridad	Estado	ASIGNADO	TaskStart	TaskDue	DURATION TAL...	PROGRESO
1	ZONA 8	SEVILLA	Proyecto	10:00	Redacción Proyecto	Alta	Completado	DELEGADO (SEVILLA)	10/01/2022	10/01/2022	10	100%
2	ZONA 8	SEVILLA	Proyecto	10:00	Identidad y composición de la trama de obra	Corta	En Progreso	DELEGADO (SEVILLA)	10/01/2022	11/01/2022	11	70%
3	ZONA 8	SEVILLA	Adjudicación	10:00	Edictos de obras	Normal	En Progreso	DELEGADO (SEVILLA)	10/10/2022	10/10/2022	10	70%
4	ZONA 8	SEVILLA	Adjudicación	10:00	Adjudicación de las obras y firma del contrato	Normal	En Progreso	DELEGADO (SEVILLA)	10/10/2022	10/10/2022	10	70%
5	ZONA 8	SEVILLA	Adjudicación	10:00	Orden de actividad	Baja	En Progreso	DELEGADO (SEVILLA)	21/01/2022	01/01/2023	1	0%
6	ZONA 8	SEVILLA	Adjudicación	10:00	Multas de obras de adjudicación	Normal	En Progreso	DELEGADO (SEVILLA)	11/01/2022	01/01/2023	11	70%
7	ZONA 8	SEVILLA	Recursos	10:00	Adquisición de recursos eléctricos	Normal	En Progreso	DELEGADO (SEVILLA)	01/01/2022	01/01/2022	20	20%
8	ZONA 8	SEVILLA	Recursos	10:00	Adquisición de recursos	Normal	En Progreso	DELEGADO (SEVILLA)	14/01/2022	14/01/2022	30	70%
9	ZONA 8	SEVILLA	Recursos	10:00	Adquisición de recursos y montaje	Normal	En Progreso	DELEGADO (SEVILLA)	13/01/2022	13/01/2022	60	70%
10	ZONA 8	SEVILLA	PSS	10:00	Realización de evaluación de riesgos por los servicios de Prevención	Normal	En Progreso	DELEGADO (SEVILLA)	10/01/2022	10/01/2022	60	70%
11	ZONA 8	SEVILLA	Información	10:00	Revisión de información de servicios en aplicaciones y sistemas de gestión de recursos, documentación, etc. (plan de recursos, documentación, etc.)	Alta	En Progreso	DELEGADO (SEVILLA)	01/01/2022	01/01/2022	20	70%

6.3.1.5. Drones

Aqualia obtained in 2016 by AESA the drone operator accreditation that started with a PHANTOM drone and a pilot.

The Works department, together with the Operations and Technological Transformation department, has been evolving with photogrammetry, topography, works monitoring and image processing tests. All of this has been carried out with its own resources and training, which has led Aqualia to have five pilots, four UAS, a submarine and a boat at its disposal today. Complex situations can now be tackled, from flights in the ZTR zone to overflying urban areas. In this way, progress continues to be made with the equipment and resources available. This action to deploy specialised personnel in the Zones facilitates the operation of this equipment, oriented towards numerous aspects of the daily operation of the services, such as:

- Thermographic leak detection in high voltage networks
- Checking hot spots in critical electrical installations
- Inspection of installations (floor slabs, structures)
- Surveys and checking of stakeouts
- Point cloud
- Inspection of the interior floor slabs of tanks, channels, etc. using a ship drone.
- Inspection of the state of tanks, water intakes, by underwater drone.

In addition, this type of system is widely used in the development and monitoring of works.



6.3.2. Water treatment

In the last quarter of the year, a working group was created to carry out a diagnosis of the treatment facilities with the aim of programming a roadmap to optimise the monitoring and operation of the facilities through digital transformation and technological improvement, minimising the risk of non-compliance with maximum energy efficiency and adapting them to the new legal requirements.

6.3.2.1. Technology transfer actions

The Technology Transfer Report has been completed on the ABAD Bioenergy © product, a WWTP biogas *upgrading* system for obtaining vehicle-quality biomethane, which includes various economic scenarios for its operation. During 2022, 5 biomethane production plants for vehicle use have operated in Lleida, Guijuelo, Chiclana and Almeria. The portable pilot plant used to design the process has already undergone two contracts (Gavia and Motril) and has now been transferred to Algeciras to test it *in situ* and study the feasibility of its implementation on a larger scale.

A database has been completed in *Sharepoint* with all the available technologies that have emerged from the different Innovation projects, which could have some possibility of commercial implementation. Each technology includes a summary sheet with a description and possible uses of the technology.

6.3.2.2 Technologies in operation on the production line

As part of the innovation activity, a prototype algae bioreactor has been developed and sized to solve the purification problem in the town of Agramon (Hellín).



The ELAN reactor is being operated in Guillarei (Pontevedra), Chiclana (Cádiz) and Salamanca and a new prototype is being built at the Lleida WWTP.

Microaeration continues to be a simple solution that saves reagents for the elimination of hydrogen sulphide in the biogas. It is in operation at the Lagares (Vigo), San Román (Santander) and La Ranilla (Seville) WWTPs.

The co-digestion of agri-food waste from the district of Guijuelo (Salamanca) with WWTP sludge is already a reality and the activity is being carried out on a regular basis, making it possible to start up the cogeneration of the WWTP and guaranteeing water quality with the control strategies implemented.

6.3.2.3. Transfer of the operation of innovative technologies

A workshop was held on facilities managed with thermal hydrolysis technology, with the aim of compiling the operating experience at our facilities, in order to be able to design the process efficiently.





Visits have been made to customers interested in various technologies, supporting the growth and development of our activities.

6.3.3. Water quality and discharges

This working group has analysed the impact on the organisation of the new requirements included in the new Royal Decree on Water Quality, mainly affecting the inclusion of new parameters and types of analysis, the preparation of Water Health Plans focused on the identification and management of risk in the different water supply infrastructures and increased transparency in terms of the information to be provided to the public on infrastructures and analytical results.

6.3.4. Technological transformation

As the implementation and start-up of the new **Aqualia Live** platform progresses, the systems are evolving and are being nourished both by experience and by the new needs that are being analysed and developed together with the IT department. During this year, the evolution has been significant.

In the last quarter of the year, several development groups have been set up for the new functionalities of the *Aqualia Live* platform with the aim of promoting the existing needs together with the IT department. At the same time, the aim is to take a snapshot of the current situation of real usability.

In the specific case of the **GEO** module, a study was launched in 2022 to analyse its implementation, level of detail and updating, in order to be able to take measures and focus efforts for the correct implementation of the system, since the GIS is the core of the rest of the modules and systems.

GEO was also implemented during the year in the new contracts for:

- France
- Colombia (Villa del Rosario)

The Asset Management and Work Order Management (**NOW**) module has continued to be implemented in a total of 227 facilities in Spain, France and Colombia in the case of asset management. In the case of work orders, coverage in Spain is 100%, with a degree of use of the mobile application of over 90%.



Finally, the future entry into force of the RD on the Quality of Water for Human Consumption is causing a change in procedures, including the way in which analyses are managed. A functional document has been drafted and a new web portal has been developed where all the planned analyses have been integrated, in accordance with the current legislation on Water Quality, carried out by both accredited laboratories and the rest of the certified laboratories. This portal will provide access to all the bulletins, as well as all the information about the infrastructures that are linked to the National Drinking Water Information System (SINAC), such as the infrastructures of the Supply Zones. All this consolidated information will serve as a starting point for applying some of the requirements included in the new Royal Decree 3/2003 on water quality.

This step is fundamental to have all the analytics in a single portal where they can be consulted in the rest of the systems, or migrate them for different utilities.

6.3.5 Framework Agreements

Over the course of 2022, several strategic framework agreements for optimisation and evolution have been launched, such as:

6.3.5.1 Electric vehicle chargers

In relation to the Sustainable Development Goals (SDGs), it was decided that the purchase of all industrial vehicles (vans) to be renewed or acquired should be 100% electric, which contributes to the achievement of the objectives planned by the company. A total of 32 have been installed to date, with a projection of 160 installations by the end of 2023.



6.3.5.2 Simple remotes



In the last quarter of 2022, information has been collected, the preparation of conditions has been analysed and the framework agreement for simple remote stations for data transmission has been launched. This agreement is necessary due to the upward progression that has been taking place in the purchase of this equipment in recent years, making it necessary to homogenise it and optimise the time spent on the services to acquire it.

There are currently a multitude of manufacturers of this type of equipment, but it is essential to homogenise and focus on 100% proven technologies, quality suppliers and equipment that can be easily integrated with Aqualia's technological platforms.

One of the conditions added to this AM is that it must be applicable to the supplier at an international level, as there is a strong expansion of the corporation at this level (Georgia, France, Colombia), thus unifying technology in these countries, achieving the same objectives as in Spain.



6.3.5.3 Repair material

One of the great challenges in service management is to optimise and guarantee the quality of the material used in the day-to-day repair and installation of networks, both supply and sanitation.

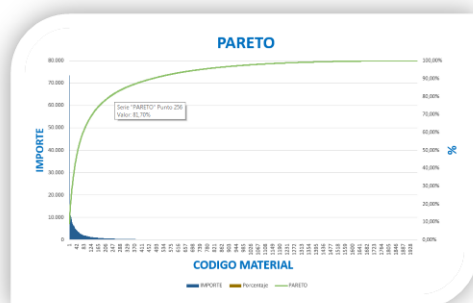
From this situation derives the process that is being carried out for a national and international framework agreement for the supply of this material. During the last quarter of 2022, the large amount of existing information on references, consumption and detail, elaboration of conditions, has been compiled. This framework agreement is of vital importance for the uniform and unique creation of the logistics centres mentioned above.

The companies invited to this process, as in the rest of the framework agreements, are of recognised prestige and product quality.

This framework agreement is currently being finalised and awarded, including as initial materials, valves, brass, universal flanges, universal joints, heads, hardware, repair clamps etc. etc.



In order to determine the material to be included in this first framework agreement at national and international level, a study of material rotation in the warehouses and a Pareto study was carried out. This analysis led to the sizing of the logistics, since out of 2,000 references used, 80% of the amount of consumption is realised in 235 and 90% in 469.



6.3.5.4 Transport

Continuing with efficient management, and with the aim of streamlining shipments from the logistics centres to the services' local warehouses, the existing framework agreement was extended to include the logistics centres currently in operation.

This means having only one logistics provider that guarantees the correct handling of the goods, both at origin and destination, adapting to the peculiarities of the sector.

Likewise, as a global company with a high international presence, it is often necessary to send material outside our borders, so we are in the process of evaluating the launch of a framework agreement to facilitate this transport and customs management in destination countries outside the EEC, such as Colombia, Georgia, Arab Emirates, etc.



6.4. Technical knowledge management

In the second half of 2022, a new area of Technical Management Improvement, related to knowledge management, has become operational.



This area, in collaboration with the rest of the areas of the company, aims to:

- Concentrate the company's technical know-how, dispersed in the different areas of activity, production, functional areas, including external sources, in order to make it available to the people or departments that need it.
- Encourage interactive communication of knowledge and experience in technical management, with the intention of forming a community of knowledge and exchange of ideas.
- In collaboration with the Training Area, collect training needs, adjusting them to the different job profiles and including welcome, specialisation and development programmes.

6.5. Accredited laboratories

For the AqualiaLAB network of accredited laboratories, 2022 has meant a special effort to adapt to the new drinking water quality regulations planned to be implemented by the Health Administration in 2023.

The new regulation will involve the analysis of new parameters (e.g. somatic coliphages, haloacetic acids, PFA substances, Bisphenol A, etc.).

The increase in the number of parameters and samples to be taken will mean an increase in the number of determinations of around 25%.

In order to meet this challenge, it has been necessary to expand the facilities, with an investment of close to 1.5 million euros over three years and the incorporation of two new laboratory technicians to the team.

On the other hand, during 2022, the project for the incorporation of people with disabilities in specially adapted laboratory tasks and applying equally adapted training to the position has been opened. The Jerez laboratory was the first to undertake the experience with more than satisfactory results.

As usual, accreditation has been maintained in all laboratories after the corresponding audits, and the number of accredited parameters has been increased in all of them.

7. INNOVATION AND TECHNOLOGY



Aqualia's innovation activity is aligned with European Green Deal policies, promoting the transition to a circular economy with a zero carbon footprint. The Innovation and Technology department (DIT) develops new sustainable services and processes, thanks to smart and eco-efficient management tools. DIT projects support the company in achieving the United Nations Sustainable Development Goals (SDGs), focusing on affordable, high-quality water and sanitation (SDG 6), an optimised energy balance (SDG 7) without affecting the climate (SDG 13) and responsible production and consumption (SDG 12).

The attached table summarises the 22 projects developed by the DIT during 2022 (and their start and end dates), which strengthen Aqualia's technological proposal in four lines of work: Quality, Eco-efficiency, Smart Management and Sustainability.

	Inicio	Fin	Acrónimo	Lider	Área
1	2018	2022	H2020 SCALIBUR	Itene	Ecoeficiencia
2	2018	2023	H2020 REWATERGY	URJC	Ecoeficiencia
3	2018	2021	JPI MARADENTRO	IDAEA/CSIC	Ecoeficiencia
4	2018	2023	BBI B-FERST	Fertiberia	Ecoeficiencia
5	2018	2024	BBI DEEP PURPLE	Aqualia	Ecoeficiencia
6	2018	2022	LIFE ULISES	Aqualia	Sostenibilidad
7	2018	2023	LIFE INTEXT	Aqualia	Sostenibilidad
8	2019	2021	RIS3 IDEPA RECARBON	INGEMAS / TSK	Ecoeficiencia
9	2020	2024	H2020 SEA4VALUE	EureCat	Ecoeficiencia
10	2020	2024	H2020 ULTIMATE	KWR (NL)	Ecoeficiencia
11	2020	2025	H2020 REWAISE	Aqualia	Gestión
12	2020	2024	LIFE PHOENIX	Aqualia	Sostenibilidad
13	2020	2024	LIFE ZERO WASTEWATER	Aqualia	Calidad
14	2021	2024	LIFE INFUSION	EureCat	Calidad
15	2021	2025	H2020 NICE	CETIM	Sostenibilidad
16	2021	2025	LIFE RESEAU	Aqualia	Calidad
17	2021	2024	MISIONES ECLOSION	Aqualia	Ecoeficiencia
18	2021	2024	MISIONES ZEPPELIN	Aqualia	Sostenibilidad
19	2022	2023	EFLUENT-EX	Aqualia	Ecoeficiencia
20	2022	2026	D4RUNOFF	Vand Center Syd (DK)	Calidad
21	2022	2026	CHEERS	Mahou San Miguel	Ecoeficiencia
22	2022	2026	NINFA	Leitat	Ecoeficiencia

Aqualia's participation in **four** projects was completed in 2022:

- EU H2020 project: **Scalibur** - on resource recovery from solid waste
- RIS3 (*Regional Innovation Strategies for Smart Specialisation*) project with FEDER funds from IDEPA Agency in Asturias: **ReCarbon**, investigating pollutant adsorption methods with regenerated activated carbon and biochar.



- *Joint Programming Initiative (JPI) on Water challenges for a changing world*, managed by CDTI: **MarAdentro**, on the infiltration of treated effluents into aquifers.
- *Marie Skłodowska Curie European Industrial Doctorate: **Rewatergy***, to recover hydrogen from wastewater, and to develop new oxidation methods.

The development of **twelve** other ongoing projects has continued:

- 6 from the European *Life* programme: **IntExt**, **Ulysses**, **Infusion**, **Phoenix**, **Zero Waste Water** and **Reseau**.
- 2 of the EU Joint Initiative / Bio-Based Industries (BBI): **B-Ferst** and **Deep Purple**
- 4 from the EU *H2020* programme: **Rewaise**, **Sea4Value**, **Ultimate** and **Nice**.

Thanks to the 2021 calls, **six** new projects could be launched in 2022:

- 1 of the RIS3 regional programme of Extremadura: **Efluent-EX**
- 2 of the CDTI's Science and Innovation **Missions** programme, focused on the production of renewable gases:
 - **Eclosion**, to optimise the production of methane and hydrogen from **waste**
 - **Zeppelin**, to promote biogas synergies with industries and distribution networks
- 3 of the EU's new *Horizon Europe* programme: **Cheers**, **D4Runoff** and **Ninfa**

7.1. Projects completed in 2022

In the four projects completed in 2022, the following results have been achieved:

- **H2020 Scalibur**

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

Within this framework, Aqualia has implemented new sludge treatments at the Estiviel WWTP (Toledo), testing improvements in thickening and dual digestion in two stages that allow for sanitisation. Simplified sludge stabilisation technologies have also been developed, without concrete structures for small WWTPs. This project has facilitated the first innovation activities



at SmVaK in the Czech Republic, with prototypes at the Karviná WWTP to convert organic matter into by-products such as fertilisers and bioenergy.

- **RIS3 ReCarbon**

Financed by the Asturian agency IDEPA with FEDER funds from the RIS3 programme, and led by the engineering company INGEMAS in Gijón with two local SMEs (Biesca and InCo), in this project Aqualia has validated pollutant adsorption methods with regenerated activated carbon and biochar, developed by the INCAR (Institute of Carbon Science and Technology) of the CSIC and the CTIC (Information and Communication Technology Centre). The sustainable and affordable adsorbents have been tested for the cleaning of biogas in the WWTPs of Chiclana, Lleida and Jerez, as well as in the deodorisation of the Luarca and San Claudio WWTPs in Oviedo.

Biochar has been tested in novel micropollutant adsorption units, and the results have been verified with new advanced analysis methods developed by Aqualia's accredited laboratory in Oviedo. In addition, new sensors have been validated for real-time monitoring at the El Grado WWTP and the Cabornio DWTP in Oviedo.

- **JPI Water - MarAdentro**

The project *Managed Aquifer Recharge: Addressing The Risks Of regenerated water* was led by the Instituto de Diagnóstico Ambiental y Estudios del Agua (IDAEA-CSIC) in the European *Horizon 2020 ERA-NETs Cofund WaterWorks 2018* programme, with participation of partners from France, Italy and Sweden, to optimise soil as a tertiary treatment unit.

A 400 m infiltration system² has been built at the WWTP in Medina del Campo (Valladolid) for advanced treatment of treated water, allowing its reuse in aquifer recharge, compared to conventional tertiary treatments. The scientific institutes have developed system design and simulation tools to optimise the operation and reduce the costs of removing emerging pollutants.

- **EU MSCA - Rewatergy**

In addition to technological development, this latest project focuses on scientific training, within the *H2020 Marie Skłodowska Curie* programme of European academic networks. In the network led by the Rey Juan Carlos University, Aqualia participated as an industrial partner by hosting two PhD researchers to carry out practical work at its wastewater treatment plants:



- At the Lérida WWTP, methods for the adsorption of ammonium from wastewater and its conversion into hydrogen were developed in collaboration with the University of Cambridge.
- photo- and electro-disinfection processes to remove micropollutants in drinking and waste water were evaluated at the Jerez WWTP, supported by the University of Ulster.

7.2. Projects due to end in 2023

Three other European projects, two from the *LIFE* programme and one from the *BBI Bio-Based Industries* programme, are in their final phase of development, although extensions are planned to meet all targets and to compensate for delays during the Covid-19 pandemic:

- ***Life Ulysses***

Three technology centres, CENTA, EnergyLab and CieSol of the University of Almeria, support Aqualia as coordinator to transform conventional WWTPs into "energy and biofertiliser production factories", achieving energy self-sufficiency and eliminating their carbon footprint. Anaerobic pre-treatment with the PUSH reactor has been implemented at the El Bobar WWTP in Almeria, operated by Aqualia. These reactors have also been successfully evaluated in Portugal, first at two WWTPs operated by Aguas de Algarve, and then at the Cartaxo WWTP, operated by Aqualia.

To improve the energy balance in Almeria, biomethane is used as a vehicle fuel with an *ABAD BioEnergy* refining system and a dispenser. In fertiliser production strategies, struvite precipitation, enzymatic hydrolysis and Fresnel lens solar disinfection techniques have been developed.

- ***Life IntExt***

The project optimises low-cost wastewater treatment technologies in small towns to minimise energy costs, carbon footprint and waste in the wastewater treatment process. Led by Aqualia, the AIMEN and CENTA technology centres and the University of Aarhus (DK), it evaluates ecologically and economically sustainable solutions for urban centres with less than 5,000 inhabitants, supported by specialised SMEs from Germany, Greece and France.

At the Talavera de la Reina WWTP (Toledo), managed by Aqualia, the demonstration platform of 16 technologies is operated, comparing different systems (wetlands, algae, reactors with



biofilms or granular sludge). In parallel, the wetlands are also tested at CENTA in Seville, to quantify the climatic effect, and to compare various pre-treatment options (Push, Imhoff).

- **BBI B-Ferst**

Fertiberia is leading the project to develop new biofertilisers from urban wastewater and by-products from agri-food industries, with the participation of Aqualia and ten partners from six different countries. It analyses the potential of raw materials recovered from urban waste and effluents in the production of fertilisers in three countries (Spain, Italy and the Czech Republic). A struvite precipitation facility is also being operated at the Jerez WWTP, managed by Aqualia, to incorporate the phosphorus recovered in a new Fertiberia biofertiliser demonstration plant in Huelva.

The conditions under which samples of the **Aquavite®** product comply with the limits of the 2019/1009 legislation on fertiliser products, in terms of **P2O5** content (16%) and in the presence of pathogens, are verified by testing the disinfectant effect of an infrared thermal dryer. This by-product is used for land reclamation in Ávila after the forest fire, and agri-food sludge, such as the waste from the Coosur WWTP (Jaén) operated by Aqualia, is characterised for incorporation in Fertiberia's formulations.

7.3. Projects under development with a duration beyond 2023

Five projects with European *H2020* funding were in full swing during 2022, one in the *BBI (Bio-Based Industries)* initiative, two in the *H2020 Water Smart Economy* call, as well as two in the *RIA (Research and Innovation Actions)* programme financed 100% by the EU. Also, within the EU's LIFE programme, three projects are continuing in facilities operated by Aqualia, and a fourth 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.

At WWTPs managed by Aqualia, a first prototype of the photobioreactor has been optimised at the Toledo-Estiviel WWTP, and a demonstration reactor ten times larger has been built at the



Linares WWTP (Jaén). Parallel demonstration activities are being prepared at the Badajoz WWTP and at SmVaK in the Czech Republic.

- ***H2020 Ultimate***

In the *Smart Water Economy* call, Aqualia participates in two of the five selected consortia, grouped in the CIRSEau cluster, each receiving up to 15 million euros in EU support. In Ultimate, the Dutch technology centre KWR is coordinating 27 partners who are implementing innovative demonstrations of synergies between water services and industries in nine sites.

Aqualia has installed a fluidised anaerobic reactor (FBBR / Elsar) on an industrial scale at the Mahou WWTP in Lérida, which will later be compared to an AnMBR to recover biomethane and feed a fuel cell. Co-digestion of waste yeast is also being studied, as well as support for AITASA in Tarragona, where Aqualia has built a new industrial effluent treatment plant, which could then be used to supply ultrapure water to the factories in the petrochemical industrial hub.

- ***H2020 Rewaise***

Aqualia leads the EU *Smart Water Economy* project with the largest business participation, coordinating water companies from the UK (Severn Trent), Sweden (Vasyl) and Poland (AquaNet) among the twenty-four entities in the consortium. 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 operations in Asturias, Badajoz, Canary Islands, Denia, Salamanca or Vigo.

Rewaise reinforces Aqualia's strategic lines of technological development, such as sustainable desalination and the use of 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. In the Balaídos industrial park, an AnMBR reactor has been installed to recover resources from the urban effluents of the Citroën/Stellantis factory.

- ***H2020 Sea4Value***

In this 100% EU-funded project, the EureCat technology centre is coordinating fourteen partners from seven countries to recover resources from concentrated brine in seawater desalination plants (WWTPs). Still at a basic scientific level, at least eight innovative technological solutions



are being developed 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.

As part of this project, Aqualia's Desalination Innovation Centre in Denia has been strengthened and a new test platform has been set up in Tenerife to analyse the technical and economic impact of more sustainable desalination methods and new solutions for the recovery of brine. With pilot units in the various EDAMs operated by Aqualia, work is being carried out on the solar concentration of brine, selective precipitation of magnesium, obtaining chlorine dioxide, and optimising the remineralisation of permeate with micronised calcite, reducing CO₂ consumption, turbidity and the size of the installations.

- ***H2020 Nice***

The *Nice* project generates scientific knowledge on natural solutions (*Nature Based Solutions NBS*), such as wetlands or green facades, for the purification and recovery of resources from urban wastewater. Led by the technology centre CETIM with 14 partners from 9 countries, these solutions aimed at sustainable cities will be implemented in a dozen sites, including Aqualia facilities in Algeciras, Benalmádena, Madrid, Talavera and Vigo. The pilots integrate developments by SMEs and universities in Denmark, France, Italy and Sweden, and include actions with partners in Colombia and Egypt.

- ***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 Aguas de Portugal, the Almeria Provincial Council and the Guadalquivir Hydrographic Confederation, several mobile plants are being built, combining physical-chemical treatments of 50 m³ /h with advanced filtration of 30 m³ /h, and various ultrafiltration and nanofiltration membrane refining *skids*.

In addition, Newland's European subsidiary Entech tests ozone O₃ and ultraviolet UV modules, which enable advanced oxidation and disinfection. A sensor from the Dutch company MicroLan for *online* microbiological measurements and continuous monitoring of the reuse water quality is also being tested to meet the risk control requirements of the new EU standard.

- ***Life Zero Waste Water***



In collaboration between Aqualia, as leader, and Canal Isabel II, as partner, the project has installed at the Valdebebas WWTP a combined treatment unit for Urban Wastewater (UWWW) and Organic Fraction of Urban Solid Waste (OFUW). To treat with a neutral carbon footprint, a 50 m³ /d anaerobic reactor AnMBR is fed, producing biogas, followed by the ELAN in-line water process to remove nitrogen with low energy consumption. FORSU management will be evaluated using the sewerage system for the transport of the organic matter 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 online monitoring of microbiological quality by the Austrian SME VWS (Vienna Water Systems).

- **LIFE Reseau**

The *RESEAU* project seeks to increase the capacity and resilience of the existing hydraulic sanitation infrastructures to the impact of climate change. The project, led by Aqualia, is in partnership with the technology centre ITG (Fundación Instituto Tecnológico de Galicia) and the public operator VCS (Vand Center Syd AS) in Odense (DK). In Aqualia's operation in Moaña (Pontevedra), sensors (velocities, flows, levels, etc.) will be installed in the sewerage network to monitor and model its behaviour, with the aim of developing a flexible flow management model.

In addition, an aerobic granular reactor of 500 m³ is being built at the Moaña WWTP to treat up to 2,000 m³ /d of wastewater. Compared to conventional activated sludge, this advanced biofilm system multiplies the biological treatment capacity several times, improving the adaptability of the WWTP to load variation, 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.

- **Life Infusion**

After completing the *Life Methamorphosis* project at Ecoparc 2, the Barcelona Metropolitan Area (AMB) has requested to extend the operation of the pilots to prepare the designs of several new plants to recover 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 leachate management solutions in their plants.

7.4. Projects started in 2022

Thanks to the 2021 calls, **six** new projects have been launched in 2022, one regional project in Extremadura, two of the CDTI's major initiatives, **Misiones** Ciencia e Innovación, and three new *Horizon Europe* projects, two of which belong to the RIA call.

- ***Efluent-EX***

Financed by FEDER RIS3 regional specialisation funds, the Autonomous Community of Extremadura is committed to a Circular Green Economy and supports clean energy from organic and agro-industrial waste. In the *E-fluent-EX* project, Aqualia is researching different technologies to convert WWTPs into biofactories and renewable energy sources, promoting sustainable mobility with green biofuels.

At the Badajoz WWTP managed by Aqualia, solar solutions are implemented to heat the digesters, with photovoltaic panels and a Fresnel lens solar drying and sanitisation system. Digestion is also optimised thanks to agro-industrial cosubstrates, evaluating the inventories and characteristics of waste from wineries, fruit processing, tomato, cheese and livestock farms, in an attempt to maximise the production of biomethane and hydrogen. In the digestion products, a new biogas *upgrading* technology is developed with materials based on ionic liquids (ILs) for the adsorption and deodorisation of CO₂ in a continuous and controlled way. Solid waste is transformed into carbonaceous materials (biochar) with various thermal processes: hydrocarbonisation, pyrolysis and activation.

- **Science and Innovation Missions of the Centre for the Development of Industrial Technology (CDTI)**

The State R&D&I Plan 2021-2023 promotes and coordinates Innovation, to catalyse Business Leadership and Public-Private Collaboration. With EU *Next Generation* funding, the plan includes the "Science and Innovation Missions" pre-competitive research projects, led by companies that seek to improve transversal and strategic knowledge to increase competitiveness.

Of the 111 projects submitted, only 24 consortia of large companies were selected, including two led by Aqualia in the Mission "To become a carbon neutral, sustainable and climate resilient society":



- **Eclosión**'s main objective is to create new materials, technologies and processes for the generation, storage and transport of renewable and indigenous hydrogen and biomethane. These energy carriers will be made from urban waste, agri-food, wastewater and sewage sludge, and will be accompanied by eco-efficient, flexible and intelligent optimisation tools. The consortium of eight companies, led by Aqualia, together with FCC Medio Ambiente, CADE, Ghenova, ARIEMA, H2B2, Idecal and MindCaps, will carry out the research at four development centres, the Valladolid Waste Treatment Centre, managed by FCC Medio Ambiente, and the wastewater treatment plants in Salamanca, Lleida and Jerez de la Frontera, managed by Aqualia. Research will be carried out into bio-electrochemical processes for generating renewable gases, thermochemical treatment with supercritical gasification, and new processes for separating and storing the gas mixtures produced to generate high-quality pure gases.
- **Zeppelin** is researching a flexible set of technologies for the production and storage of green hydrogen based on the use of waste and by-products (agri-food, textiles, wastewater treatment plants, refineries, etc.). The aim is to improve the efficiency of the production of this energy vector, addressing the technological challenges linked to biogas and bioethanol reforming, dark fermentation (FO), microbial electrolysis (ME), gasification and hydrogen storage. With new models for obtaining green hydrogen complementary to electrolysis with renewable energies, decarbonisation is promoted under the principles of the Circular Economy and digitalisation. The consortium, led by Aqualia, includes seven key companies in the hydrogen value chain, starting with Repsol, the leading national producer and consumer of hydrogen; Naturgy, Redexis and Reganosa, as gas distributors; and other technological partners such as Norvento, Perseo and Técnicas Reunidas. The companies are collaborating with nine research organisations (including CETIM, CIEMAT, EnergyLab, CIDAUT, and IMDEA-Energía) to implement several innovative hydrogen production pilots at the Algeciras WWTP, managed by Aqualia, which can supply large hydrogen consumers in the area such as Acerinox, Viesco, Air Liquide, Linde, as well as the port companies.

- **New EU Horizon Europe programme**

In the new EU framework programme in the period 2021-2027 Aqualia is involved in the first three projects, with the last two RIA projects being 100% funded:

- **Cheers** is a development project focused on a zero waste biorefinery, coordinated by the brewing company Mahou San Miguel with 10 partners from 5 European countries, including Aqualia/Hidrotec, the Ainia technology centre and the University of Valladolid. Inspired by nature's biodiversity (insect and microbial platforms), the objective is to



revalorise underutilised or waste secondary streams such as bagasse, wastewater, CO₂ and CH₄ from the brewing industry for conversion into five market-competitive innovative bioproducts: insect protein, disinfectant, microbial protein, ectoin and caproic acid. In addition to validating new sustainable bioprocesses for transformation at demonstration scale, a 50% reduction of the carbon footprint in each value chain will be achieved.

- **D4Runoff** (*Data driven hybrid nature based solutions for preventing and managing diffuse urban runoff*) develops tools to quantify, prevent and manage diffuse pollution created by urban runoff water. Led by the public water company Vand Center Syd (VCS) in Odense (DK), it brings together 12 partners from 5 countries, with Aqualia/Hidrotec, the Technological Institute of Galicia (ITG), the University of Cantabria and the Catalan SME Mitiga specialised in risk control software. The work programme includes the development of new analytical methodologies by Hidrotec, the *online* measurement of indicators of micropollutants and bioplastics, and the implementation of preventive strategies to reduce diffuse pollution with multi-criteria analysis and Artificial Intelligence. *Nature Based Solutions NBS* will be validated in three sites (Odense/DK, Santander/ES and Pontedera/IT) and replicated in Algeciras (ES), Ostrava (CZ) and Cairo (EG).

Ninfa (*Taking action to prevent and mitigate pollution of groundwater*) develops ways to monitor and protect groundwater, starting with the measurement, modelling and treatment of various pollutants (nutrients, pesticides, pharmaceuticals, hydrocarbons, heavy metals, microplastics and salinity). The pollution prevention and groundwater management strategy is based on early detection systems, a better understanding of the synergistic effects and risks of multiple disturbance factors, using predictive methodologies to increase resilience and implement treatment and mitigation solutions. The project is coordinated by the Technological Centre Leitat, and brings together 9 other partners from 6 countries. Aqualia participates with its Hidrotec laboratories, and the City Council of Los Alcázares (Murcia) located on the shores of the Mar Menor. Aqualia France and the Instituts Mines-Télécom Atlantique in Brittany (Brest, Rennes, Nantes) are also expected to collaborate.

7.5. Patents and trademarks

Throughout 2022, the following patents and trademarks have been maintained:



	Patente nacional OEPM	Sistema de aireación	03/12/2003	ES2176119
	Patente nacional OEPM	Sistema reparto de agua y lavado para filtro	08/02/2005	ES2196949
	Patente nacional OEPM	Sistema anaerobio de depuración de agua por lotes	06/05/2009	ES2300164
1.	Patente europea EPO	Sistema de carbonatación	18/11/2015	EP2712917
	Patente nacional OEPM	Sistema de carbonatación	04/03/2015	ES2451579
				ES2466090
	Patente nacional OEPM	Proceso Anammox ELAN	10/09/2014	EP2740713
	Patente europea EPO		17/12/2014	11256559
2	Registro de marca	ELAN *	03/09/2014	12785771
	Patente europea EPO	Algas - HRAP optimizado (LEAR)	06/01/2016	EP2875724
3	Registro de marca	LEAR *	03/09/2014	12785713
	Patente europea EPO	MFCs lecho fluidizado FBFR (ELSAR)	22/04/2020	EP2927196
4	Registro de marca	ELSAR *	02/06/2021	18398327
5	Patente europea EPO	Influent distribution and Mixing Device for UASB Reactors PUSH	05/10/2016	EP3009408
			29/03/2017	EP3061515
	Patente europea EPO	Biogas upgrading	27/02/2018	US9,901,864 B2
	Patente internacional PCT	Biogas upgrading USA y MEXICO	02/12/2021	388417
6	Registro de marca	ABAD Bioenergy *	22/05/2017	016146151
	Patente europea EPO	MDC (Microbial Desalination Cell Mides)	26/08/2020	EP3336064
7	Patente internacional PCT	MDC USA	23/03/2021	US10,954,145
	Patente europea EPO	SAnMBR	20/05/2020	EP3225596
8	Patente internacional PCT	SAnMBR USA y MEXICO	03/03/2020	US10,577,266 B2
	Patente europea EPO		10/07/2020	EP3546562
9	Registro de marca	ADVANSIST (ANPHORA*) Purple Bacteria	02/06/2021	18398329
10	Patente europea EPO	DARE	19/05/2021	EP3527538

In 2022, two new patents were applied for, while four proposals submitted in previous years are still awaited.

The table summarises the patents pending:

	Tipo de protección	Nombre corto	Fecha de solicitud	Nº solicitud	Resultado
1	Patente europea EPO	AQUELAN (ELAN en línea de aguas)	10/06/2016	EP16382266.1	Concesión Probable
2	Patente europea EPO	Cristalización de estruvita	26/09/2016	EP15754933.8	En espera
3	Patente europea EPO	Reactor a presión	19/10/2017	EP17382699.1	En evaluación
4	Patente europea EPO	Mejora PUSH	13/10/2021	EP21382918	
5	Patente europea EPO	Purasand High Recovery	30/09/2022	EP22382912.8	
6	Patente europea EPO	WETFAN	28/11/2022	EP22383139.7	
7	Patente europea EPO	Producción ectoína	00/01/1900	00/01/1900	En preparación

7.6. Publications and events

With 271 actions in 2022, in terms of publications and participation in conferences, the average rate of references to Aqualia's R&D of the previous three years has been maintained, reaching more than one mention per working day, as shown in the table below.

	2019	2020	2021	2022
Scientific articles	14	13	11	9
Trade press	108	67	73	74
Mainstream press	139	98	187	149



International events	24	14	29	17
National events	19	12	27	22
TOTAL	302	204	327	271

Thanks to the IWA (*International Water Association*) initiative, the BBC has produced 17 short films on innovative achievements to protect water resources in 20 sites around the world: www.beneaththesurfaceseries.com. Selected were works from the Danish company AquaPorin (Aqualia's partner in www.rewaise.eu), from other suppliers (Itron, Bentley, FlowServe...), from the European Investment Bank EIB, and Aqualia's project www.midesH2020.eu on sustainable desalination with the microbial desalination cell: <https://www.bbc.com/storyworks/beneath-the-surface/capturing-the-sea>.

8. PEOPLE AND CULTURE

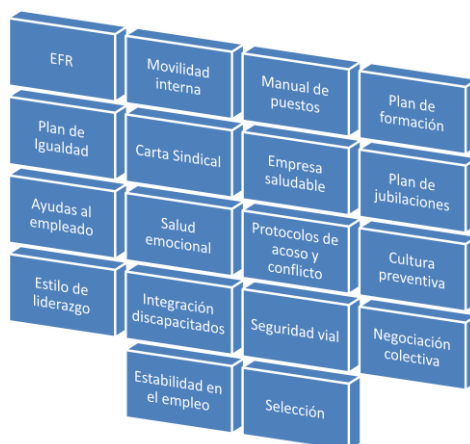
8.1. General lines of action

Following the formulation of the activity of the People and Culture department around the Be Aqualia project, our different functions converge under a 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, while maintaining 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 Responsible Company) certification obtained in 2017, which it renewed until 2023. Aqualia raised its score from the initial certification from **C** to **C+**. The follow-up audit carried out by AENOR in 2022 had a favourable result.

Throughout 2022 Aqualia has continued to develop its action plan to achieve the objectives set for the years 2021-2023.

In 2022, the "Be Aqualia Measurement Catalogues" for corporate office and production staff have been updated.

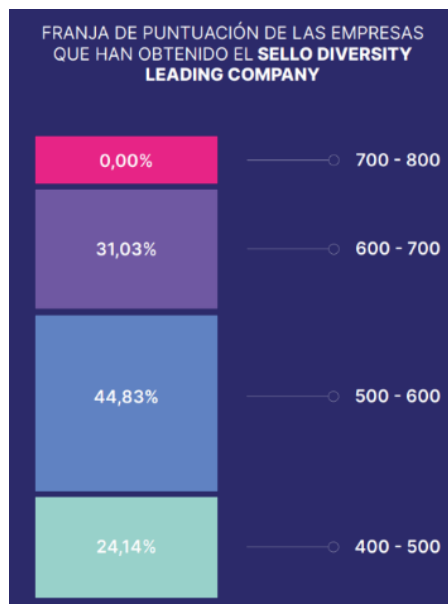
8.3. Diversity and equality

8.3.1 Diversity and social inclusion

In 2022 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 on equal opportunity and anti-discrimination .

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 , Aqualia being the only company in its sector to be part of this agreement.

In 2022 Aqualia joined the *Diversity Leading Company* programme, which promotes diversity and inclusion policies in companies. In addition, within this programme, Aqualia has been awarded the **Diversity Leading Company Seal** by Equipos y Talento as a leading company in diversity with a score of 556 out of 800, being in the range of 44% in relation to the rest of the companies that have participated:



Aqualia participated in **Diversity & Inclusion Day 22**, an event for the more than 60 companies that are members of the *Empowering Women's Talent* and *Diversity Leading Company* programmes. At the event, Félix Parra, CEO of Aqualia, participated in the **CEO Voices** table where he debated, together with other top executives, the importance of diversity and inclusion as a strategic value and competitive advantage, highlighting the culture of diversity in companies as a key factor in increasing their capacity to adapt to changing environments.

Recognition of "Inclusive Leader" to Pedro Ruiz (Director of Sustainable Technical Management at Aqualia) for his commitment to promoting the recruitment of people with intellectual disabilities in Aqualia's laboratories, adapting the processes to the capabilities of each person. This recognition is part of the *Diversity Leading Company* initiative that Aqualia joined in 2022 and which contributes to sharing experiences, communicating and inspiring actions in the field of diversity.

Equality, Diversity and Inclusion Award granted by the sector company **IAGUA**. Aqualia has obtained this award for being a pioneer in the application of equality plans in the water management sector and for its numerous initiatives implemented to advance towards diversity, equity and professional inclusion.



In 2022, Aqualia, with the aim of fostering an inclusive and respectful environment in organisations, where talent is valued regardless of their identity, gender expression and sexual orientation. Aqualia has joined **Asociación Red Empresarial por la Diversidad e Inclusión LGBTI (REDI)**, the first ecosystem of companies and professionals in Spain that works to promote safe and respectful work environments for all people, regardless of their identity, gender expression or sexual orientation. More than 150 large corporations are members of this network, which also offers a series of visibility opportunities for the organisations that make it up, as it enables *networking* between associated institutions and professionals, as well as offering an inclusive image to companies, institutions and the public outside REDI.

In addition, Aqualia has recently signed an **agreement with the Federación Estatal de Lesbianas, Gais, Trans, Bisexuales, Intersexuales y más (FELGTBI+)** by virtue of which it adheres to the "Empresas por la Diversidad" (EMIDIS) programme, a tool that the Federation makes available to companies to guide them in managing affective-sexual, family and gender diversity in their workplaces.

Agreement with MyGWork: A global recruitment and networking platform for LGBT professionals, graduates, allies and organisations to promote diversity and inclusion in the workplace. A tool to attract diverse talent at Aqualia.

To start working on **unconscious bias**, Aqualia launched in 2022 the **interactive SHE Experience**. An interactive story inspired by real events about bias, diversity and inclusion. Objective: to be aware of how our biases affect our decisions in order to make progress in generating more diverse and inclusive work environments. Scope: Spain, France and Portugal. 1,319 people participated in this exercise.

Diversity and inclusion awareness-raising for new recruits. This awareness-raising, developed for all employees in 2021, has been incorporated into the initial training that new employees receive in the company. The concepts of equality, uniqueness and unity are worked on in order to advance Aqualia's commitment to diversity. Employees with access to e-mail take the course through the FCC Campus, and for employees without access to a computer, campaigns are carried out through posters in different countries.

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

- **Empowering Women's Talent (EWT)**



Aqualia has joined this women's leadership development programme in 2022, which also supports the dissemination of the initiatives of the member companies to inspire other companies and continue to make progress.

For its commitment to the development of female talent and diversity, Aqualia has received the **Empowering Women's Talent seal** awarded by the specialist human resources magazine Equipos&Talento.

This talent development programme focused on women's empowerment and leadership will contribute to further raising awareness of gender diversity.

- **Creation of the *Aqualia*women Internal Female Talent Network** to share experiences with other Aqualia women who have previously participated in talent programmes. 50 women are currently part of this network.

Main objectives:

- Encourage networking
- Access to *workshops*, working tables, news...
- Facilitating group *coaching* processes, training.

- **Mentoring**

Cross Mentoring Programme within the framework of *Empowering Women's Talent (EWT)* in which different companies participate and in which mentor and *mentee* pairs are crossed. This programme brings the richness of diversity of sectors and business models. The aim of this programme is to further develop female talent and leadership through the exchange of knowledge and experiences to improve skills, abilities and competencies. Three *mentees* and three mentors from Aqualia are participating in this first programme, which ends in December 2022 and will continue in 2023.

- **Inspiring Woman" Award.**

This recognition is part of the *Empowering Women's Talent (EWT)* initiative, which contributes to sharing experiences, communicating and inspiring action on equality.

For her commitment to the development of female talent in Aqualia's internal *mentoring* programmes, the prize was awarded to Lola López-Godoy, manager of Aqualia's Municipal Water Service of Sanlúcar de Barrameda (Cádiz).

- **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 2022, Aqualia implemented the commitments made in the 3rd Equality Plan it signed on 5 October 2021 for the period 2021-2025, thus 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.

- **Let's talk about equality" training**

Objective: to promote equal opportunities in the workplace, not tolerating direct or indirect discrimination on the grounds of gender, race, age, nationality, religion, sexual orientation, disability, etc. 2,512 people have participated in this training.

- **Campaigns: Women's Day, gender violence, etc.**

The company continues to show its commitment against 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 2022, 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.



- **Adecco Foundation Agreement** for the development of activities aimed at finding **employment for women at risk of social exclusion**.

Agreement between the Ministry of Equality (Government Delegation against Gender Violence) and Aqualia to promote awareness and social awareness against gender violence in the framework of the initiative "**Companies for a society free of gender violence**" in November 2022.

8.4 Leadership

During 2022, training was given in the Aqualia Leadership Model, aimed at the organisation's managers, with the aim of strengthening a series of competencies for managing, directing and leading teams. The training is based on three pillars of leadership for Aqualia: participative, healthy and inclusive.

- **Participatory Leadership** through which people development and team management are encouraged.
- **Healthy Leadership** where we work on how the position of leadership can influence psychosocial risks and modulate them.
- **Inclusive Leadership** that develops the ability to include and seeks to provide tools for inclusive decision-making .

8.5 Development

8.5.1. Professional and Personal Development

With the aim of contributing to a good working environment and reducing conflicts, Aqualia maintains its **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 themselves with the assistance of a third, impartial and neutral person, called a mediator).

Throughout 2022, the **Standard Post Manual** has been maintained, containing descriptions of the organisation's jobs according to professional families and differentiating within each post: the 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

This handbook is in the process of being reviewed and updated in the light of changes in the organisation's positions.

Training at Aqualia is linked to the company's strategic objectives, to improving the performance of the workers' functions and to ensuring their health and well-being. To this end, we work to develop training adapted to the requirements of each of the company's jobs.

Globally, in all the countries where Aqualia operates, 1,864 courses were organised in 2022 and employees received 156,328 hours of training.

Throughout 2022, the new language policy has been implemented, in which the **multilingual platform** where the following languages can be studied: English, French, Portuguese and Spanish. 434 people have participated in the platform, 71% of whom have completed courses/training modules.

In addition, language groups and individual classes have been organised according to the profiles and scope of activity of the posts. 165 people have taken part in these training courses, with a take-up and completion rate of 78%.

It is worth highlighting the implementation of the **Customer Service Processes** course developed by Aqualia's Customer Department, which is available to employees on the FCC Campus and which 562 people took in 2022.

Training on the **Code of Ethics and Conduct** was also continued in 2022 (2,487). Training was also provided on **anti-corruption: the relationship with public officials in the FCC Group** (791). Training has also been organised on the **compliance model** for control owners and process owners (88).

In addition, 1,217 people have participated in **cyberbullying** training in 2022.



Training courses on **"Cultural transformation in sustainability"** were given to Aqualia's team managers with the aim of highlighting the company's cultural transformation towards sustainability, as evidenced by the launch of the 21-23 Sustainability Strategic Plan. These trainings will continue in 2023.

In addition, **sustainability training** has been developed for all staff.

A great deal of importance has been given to training related to **emotional health**, with 391 people taking part in training courses on stress and productivity management.

Aqualia continues to promote and develop **professional skills accreditation** processes. Aqualia currently has 19 accredited experts (12 for Energy and Water, 7 for Safety and Environment).

In 2022, the second call for the accreditation process carried out within the agreement signed with the Public Agency for Training and Professional Qualifications of Catalonia was completed. In this call, 43 workers from Aragón-Rioja-Navarra were registered (19 workers in Energy and Water and 24 workers in Safety and Environment). 74% of the workers obtained full certification and 25% partial certification.

On the other hand, in 2022, the 2nd public call for applications issued by the Department of Education for workers in Catalonia for the Energy and Water and Safety and Environment certificates was completed. In this call, Aqualia has registered 4 workers, 75% of whom have obtained full certification and 25% partial certification.

In the Valencian Community, a call for applications aimed at water network managers ended, in which 12 Aqualia employees registered. Of these, 58% obtained partial certification and 42% obtained full certification.

8.5.2. Selection and Attraction of Talent

Aqualia's Recruitment and Internships department works with one objective in mind: to **attract talent, guaranteeing objectivity and equal opportunities** in the selection and recruitment processes.

To this end, **Aqualia's Employer Brand** Image has been worked on throughout 2022 through **Employer Branding** programmes to promote the company's main objective of guaranteeing equal opportunities.



In addition, Aqualia has once again **invested in the most relevant employment portals with the greatest national and international capacity**, adding in 2022 **a new agreement with the State Federation FELGTBI+** and the new contracting of the **myGwork platform** for the inclusion of the LGTBI+ collective in the selection processes.

The Interview Script model has been improved, which was worked on during 2021 and in which, in addition to the **curricular profile** of the candidates, the competencies and skills are analysed, and ultimately, the fit **with the company and with our values and key competencies, previously defined by the company**.

Also during the year 2022, work has been done on the **Exit Interviews** procedure, which will allow us to know the reasons why employees decide to leave the company and will help to establish **improvement plans to reduce turnover and improve the quality of staff selection**.

The number of new recruitments that have been made during the year 2022 is detailed below:

SDG 8	Men	Women	Total
New recruitments Central Services	30	38	68
New recruits Spain ()	514	137	651
New international recruitments	668	192	860

On the other hand, Aqualia continues to work on a **plan for the integration of young people in the company**, and with this vision, some actions have been carried out, such as:

- **Improve the processes of incorporating trainees** who will provide the talent for the future.
- **Signing of new agreements with Universities and Vocational Training Centres** in different communities and new **DUAL training** programmes with Universities such as the University of Almeria or the University of La Laguna in Tenerife.



- New students have joined the **Advanced Degree in Water Management** and the **Intermediate Degree in Water Networks and Treatment Stations of the Dual Vocational Training** in the Community of Madrid, promoted by Canal de Isabel II, and **Aqualia continues to be one of the companies in the programme with the most involvement and success in the programme** and with the best percentage of incorporations after the internship period.

SDG 8	Men	Women	Total
Traineeships 2022	18	9	27

8.6. Quality of Employment: Collective Bargaining, Industrial Relations and Personnel Administration

In terms of collective bargaining, the trend of reducing the number of smaller collective bargaining agreements continued and, by adhering to the Sectoral Agreement, the 6th State Agreement on the Integrated Water Cycle continued to be extended as the regulatory reference framework for labour relations with employees. In addition, agreements of lesser importance have been reached, such as the Autonomous Collective Bargaining Agreements of Murcia and Catalonia, among others. It is worth highlighting the establishment of transitional agreements with the workers in the sports facilities activity at national level, given that the sectoral agreement, which regulates their employment relationship, is blocked in its negotiation, resulting in potential collective conflict. With these agreements, Aqualia has eliminated the risk of this. In the international area, there is no collective conflict of any kind and the applicable labour regulations in each country are complied with, with no relevant incidents of note.

In terms of relations with the social partners, there continues to be stability and collaboration between the most representative trade union organisations (UGT and CC.OO.) and the companies that represent the sector at employer level (AGA), with no collective conflict at sector level or strikes in the Aqualia Group in 2022.

Labour disputes have remained at a low level; in terms of collective disputes, there have been 2 disputes due to the application of collective agreements, one of them at the regional trade union/employer level (Extremadura) which does not originate from or derive from the actions of the Aqualia Group, and another in the negotiation of the Algeciras agreement. In the latter,



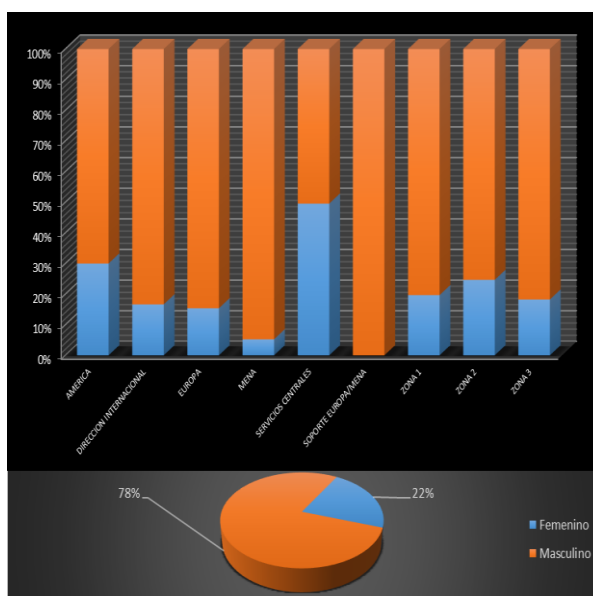
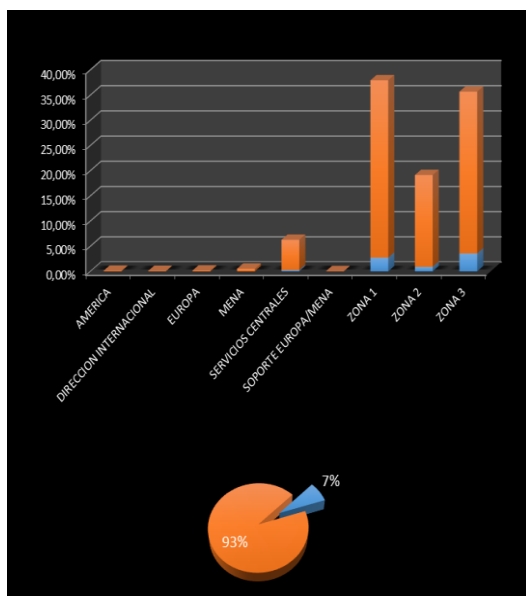
negotiations are underway to reach a solution and unblock negotiations. In 2022, as a result of the regulatory changes in terms of equality, hiring and wage gap, the number of Labour Inspections received has increased substantially (13 in 2021 and 64 in 2022), however, and given that Aqualia strictly complies with the regulations, all of them have been closed without any breach or sanction for the group.

With regard to quantitative data, the employment stability policy is maintained, obtaining a result at national level of 93% of permanent contracts compared to 87% of permanent contracts in 2021, and in terms of gender, the percentage of female employees has been maintained compared to 2022, with a gender distribution of 78% of employees and 22% of female employees. On an international level, employment stability stands at 82% permanent contracts and 18% temporary contracts, and in terms of gender, 80% of employees and 20% of female employees.



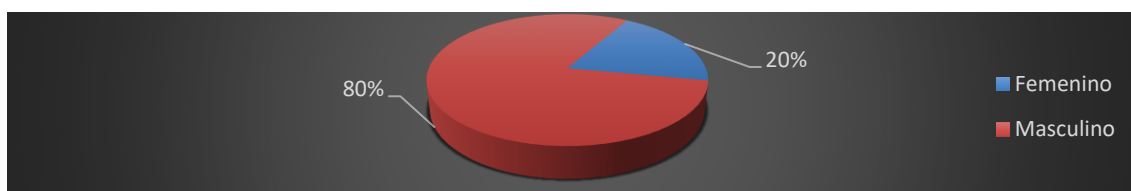
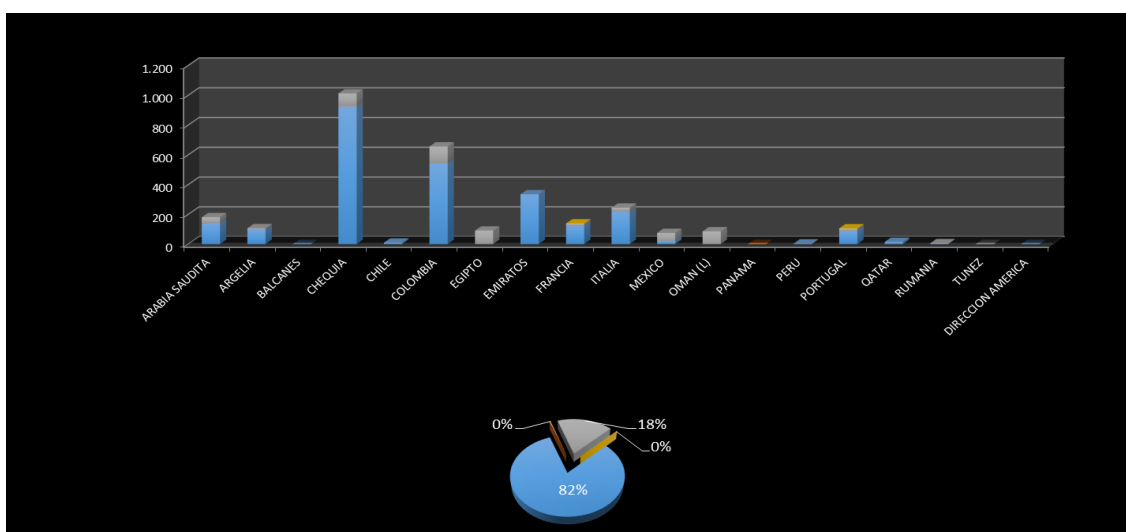
With regard to compliance with the regulations on staff with different abilities, the Aqualia Group complies with these regulations in full, maintaining the required 2% of staff with different abilities in companies with more than 50 employees and in the case of FCC Aqualia S.A. through the corresponding alternative measures.

RECRUITMENT SITUATION AND PERSONS BY GENDER NATIONALLY





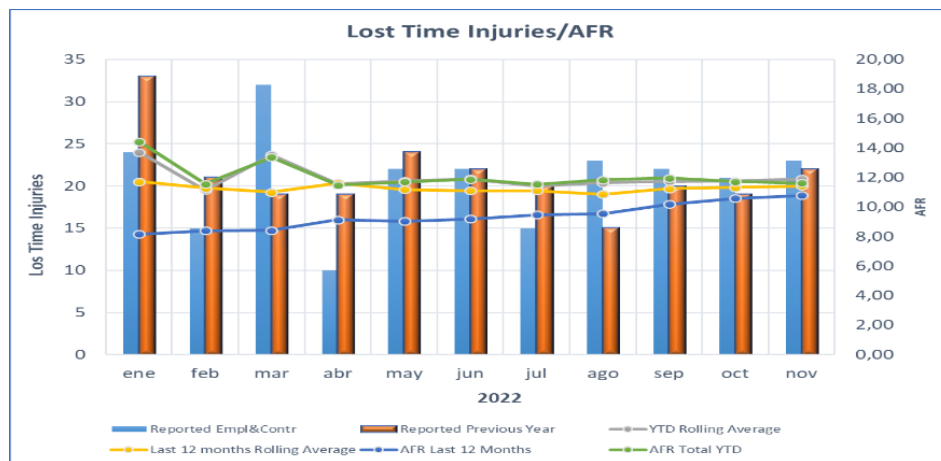
RECRUITMENT SITUATION AND PEOPLE BY INTERNATIONAL GENDER





8.7. Health and Welfare

8.7.1. Evolution of Aqualia's accident rate over 2022



The evolution of the claims ratio in 2022 (data at the end of November) has been upward compared to the previous year, with a cumulative AFR of around 11.6 compared to 8.5 at the end of 2021. This is partly explained by the influence of the pandemic that still had its effect during 2021 in terms of reduced activity. And other factors such as the increase in activity in Colombia following new hires, which has also led to an increase in the number of accidents.

On the positive side, the absence of serious accidents among the company's own personnel is noteworthy. Only one fatal accident of subcontracted personnel was recorded at the start of the new contracting activity in Georgia.

8.7.2. Health and Welfare HIGHLIGHTS

Throughout 2022, the **2nd Edition of the "Strategic Plan for the Health and Wellbeing area 2022-2024"** was drawn up and approved, a framework under which the lines of work, plans and projects of our organisation are established in order to materialise the objectives of "the person at the centre" and "achieving an increasingly healthier working environment and improving health and wellbeing".

The most significant actions carried out this year, grouped according to the projects of the strategic lines of the Strategic Plan, were as follows:



8.7.2.1.1. Outstanding projects or initiatives aimed at achieving "Zero Harm" to workers:

- In 2022, 6,402 medical examinations were performed (5,493 Cualtis + 909 SM FCC).
- Digitalisation initiatives: participation in the development of the BeAqualia *app* and totem.
- Course redesign and new training courses: online training courses for Campus FCC: 5 new courses in 2022.
- Generation of resources and content: risk search; LOTO and virtual reality workshops; 3D recreation of accidents; "Accident Notes" and "We Should Know...", etc.
- Specialised training on contractor management and use of documentation control and tracking platforms.
- Design and development of the 1st Edition of the "Good preventive practices in Aqualia" and "Good Healthy Practices Award".
- Gala presentation of the "Recognition of Preventive Effort" Awards.

8.7.2.2.2. Outstanding projects or initiatives aimed at controlling critical risks in Aqualia:

- Unification of single, specific work plan templates
- Development and evolution of asbestos decontamination booths
- Development of "Comprehensive ATEX Risk Installation Control Plan".
- Participation in the engineering phase in all projects with ATEX risk.
- Design of the "Integral control plan for chlorine gas installations".

8.7.2.3. Projects or initiatives aimed at improving people's wellbeing:

Aqualia continues to make progress in the *Be Aqualia* Project with the aim of becoming a healthy organisation. In 2022, and within the strategic line of Workplace Wellbeing, the following stand out:

- CROSS-CUTTING PROJECTS:
 - Development of the *United Heroes* Pilot in the Czech Republic and Extremadura Delegation.
 - Sponsorship for participation in sporting events: Women's Races (Spain and Portugal), Water Race, Talajara 2022, *Vig-Bay* 2022, ...



- LOCAL INITIATIVES: more than 100 local and regional initiatives in 2022 (*family days*, local sports events, fruit in the workplace, BeAqualia days, ...).
- PREVENTIVE MEDICINE:
 - 5 specific health promotion campaigns: 3 ophthalmological health campaigns (glaucoma screening), a preventive dental health promotion campaign and a campaign to raise awareness of breast cancer and its prevention.
 - Improvement and incorporation of new tests in medical check-ups, such as the determination of PSA in blood for the early detection of prostate cancer.
- PSYCHOSOCIAL ACTION PLAN:
 - Provision of tools for the improvement of emotional well-being:
 - PAE: Counselling and psychological support programme for both Aqualia employees and their families (national level).
 - 7 specific educational and awareness-raising campaigns on mental and emotional health.
 - Implementation of a development programme in emotional competencies for *managers*: "Healthy Leadership".
 - Development of new training programmes related to the Improvement of Quality of Life at work: "Stress management workshops" and "Productivity management workshops".

8.7. 3External health and safety awards and acknowledgements received:

The implementation of Aqualia's comprehensive Health and Wellness policies has won several external awards and recognitions throughout 2022:

- **10th Edition of the ASEPEYO "Antoni Serra Santamans" AWARDS**
- **4th Ed. "Recognitions in PRL of the COMUNIDAD DE MADRID".**



9. COMMUNICATION, MARKETING AND CSR

9.1. Communication and awareness-raising on ESG (Environmental, Social and Governance) issues

9.1.1. Aqualia's Communication Plan: national and international

The company is in a position of enormous responsibility to its stakeholders and to the future. It is time to work **in line with the 2030 Agenda** and the Sustainable Development Goals (SDGs), integrating these goals into the corporate strategy and communicating them to all the company's stakeholders. Only in this way will Aqualia position itself as a specialised and differentiated company that enjoys recognition, social legitimacy and a good reputation. The 2021-2023 Sustainability Plan lays the foundations for guiding business management under environmental, social and governance (ESG) criteria.

In this context, Aqualia's **Communication Plan** is defined under the strategic axes of digitalisation and sustainability.

- **Digitalisation...** Facing challenges successfully is easier with the support of technology and digital tools, which is why Aqualia is committed to the digital transformation of its operations and processes.
- **Sustainability** in three different dimensions: economic, environmental and social. Economic, to achieve a position as a leading company with the capacity to influence the sector.
- **Transparency** as a transversal value for the entire company and its activities. In the current situation, the company enjoys the opportunity to become a benchmark in the sector and, furthermore, to achieve the "**social licence**" in water management as an effective collaborator and leader in public-private collaboration projects.

Aqualia's 2022 Communication Plan has focused on digitalisation and sustainability, so the company aims to position itself as a leading player in these concepts while strengthening its reputation and brand image. Under the slogan "**people working for people**" Aqualia assumes as one of its main tasks to improve the quality of life of citizens and the environment. To this end, the organisation presents itself as a glocal company (a global vision of water management with local implementation), which seeks the well-being of the municipalities in which it operates,



cares for citizens and contributes to the achievement of the SDGs. Innovation, digitalisation, sustainability, transparency... are some of the most common terms used in the communication actions developed by the company.

Throughout 2022, 952 press releases and media briefings were sent out and 174 meetings were held with all types of media.

The actions that ensure sustainability have led Aqualia to obtain this year a **syndicated green corporate loan of 1,100 million euros in which** ten banks participated, led by CaixaBank. This is the largest green syndicated loan in the year 2022, the credit for which will be used by Aqualia to finance green projects. To communicate the obtaining of this loan, a news item was published on aqualia.com's website and a press release was launched that was disseminated by many important media, such as Expansión, Cinco Días, La Vanguardia and Europa Press, at a national level, and Reuters, *World Today News*, *Blue Tech Research* and *IFR (International Financing Review)*, at an international level.

Once again this year, one of the milestones in terms of communication was the presentation of the **6th Aqualia Journalism Awards**, held on 5 June, as part of World Environment Day, at the headquarters of the Madrid Press Association (APM). In this competition, journalists from Spain and Colombia participated with works that reflect the importance of the management of the integral water cycle and raise awareness of water as a valuable and scarce resource. In this sixth edition, a total of 49 journalistic works were submitted, and throughout all the editions of the awards, 279 candidatures have been presented. The winner of the sixth edition was the journalist Raquel Montenegro, author of an article in the Europa Sur newspaper on the transformation of the coastline of Algeciras. The first runner-up prize went to the Colombian journalist Vanesa de la Cruz with an article published in El Colombiano. The second runner-up was Eva González, with an article for El Confidencial.

In the international sphere, various important events were announced throughout the year, such as the **acquisition of the company Georgia Global Utilities (GGU)**, owner and operator of the integral water cycle infrastructures in Tbilisi, capital of Georgia, and in the cities of Miskheta and Rustavi, a service that reaches 1.4 million inhabitants served. As this was an important international news item, Aqualia prepared and distributed press releases in Spanish and English, obtaining extensive coverage in agencies (Europa Press) and in all types of media, both economic (Expansión, Cinco Días and El Economista), general (El Confidencial, El Periódico de España) and specialised (iAgua or *Smart Water Magazine*, *Water World Magazine*), both national and international. Internally, all employees were informed by means of an *information flash*.



Another important communication was prepared on the occasion of the **South Cluster water services contract (Saudi Arabia)**. The consortium led by Aqualia, together with Acciona and the Saudi companies Tawzea and HAACO, was awarded the contract for the management, operation and maintenance of the integrated water cycle in the so-called *South Cluster*, four regions of southern Saudi Arabia (Assir, Jazan, Baha and Najran). Aqualia managed the dissemination of communication together with the Acciona team, launching press releases both at the time of the award and at the start of the contract, which had a great impact on the media specialising in the water sector at a national and international level (*iAgua, Smart Water Magazine, Global Water Intelligence, The Water Network, Water & Wastewater Asia*), as well as in the media (*Wastewater Asia*), as well as in national economic media (*Expansión, El Economista*), general media (*Europa Press, El Periódico*), some local newspapers and in international Saudi media (such as *Trade Arabia* or *Arab News*).

Subsequently, in October, the Saudi state-owned *National Water Company* announced that another Spanish-Saudi consortium led by Aqualia had been chosen to manage, operate and maintain the integrated water cycle in the **North Cluster**, which includes the Saudi regions of Qassim, Hail, Al-Jouf and Northern Border, in the north of the kingdom. The company also widely reported this fact that has placed Aqualia in charge of the water management of two of the six clusters, for a total of 8 million Saudis.

At the beginning of the year, Aqualia **collaborated with the documentary series *Beneath the Surface: the journey of water***, which compiles the most promising projects in the global water sector. The documentary, produced by *the International Water Association (IWA)* and *BBC StoryWorks*, counted on Aqualia's participation in one of its chapters, in which the company presented the MIDES innovation project, developed in Guía de Isora (Tenerife) and Denia (Alicante). The report showed how Aqualia's technology facilitates access to drinking water through advanced, low-cost, low-energy desalination processes.

The announcement of the **acquisition of the Saur concessions in Colombia**, through which Aqualia became the owner of 100% of the assets of the company Saur Colombia SAS, six concession companies responsible for the production and distribution of drinking water and sewerage in eleven municipalities on the northern Colombian coast, also had repercussions in the general, economic and water sector media.

The completion of the **El Salitre WWTP** in the Colombian capital and its reception by the operator Acueducto y Alcantarillado de Bogotá was a subject that generated a great deal of interest in the Colombian media. Aqualia, as a member of the consortium developing the project, launched a Communication Plan to publicise the degree of progress of the WWTP. The actions included the re-release of a video of the plant, as well as daily monitoring of the media



situation and the implementation of different communication actions to address the crisis situation.

For the **start-up of services in Ruitoque**, which includes the municipalities of Bucaramanga, Floridablanca, Piedecuesta and Girón, and **Flandes**, in Tolima, a Communication Plan was designed and implemented, which included actions to present the company to the different local stakeholders, as well as a service start-up plan. In the municipality of **Villa del Rosario**, a specific plan was implemented to alleviate the crisis situation in the locality due to the lack of a stable service.

9.1.2. Communication training

Within the Aqualia Training catalogue in 2022, the course "**Training for Aqualia Spokespersons: Developing Influence and Persuasion**" has been included. **Three sessions of the course were held:** in Seville, on 4 and 5 October; in Barcelona, on 18 and 19 October; and in Madrid, on 25 and 26 October. **A total of 45 professionals from the company took part** in the training, **including branch managers, heads of management units, heads of services and managers of large contracts** from the three areas of Spain. Although the course was given by a specialised external consultant, the Communication and CSR department was responsible for coordinating both the content and the general development of the sessions.

This action was developed with the aim of training executives and middle management to transmit messages to the company's different target audiences, focusing on the most appropriate skills, techniques and channels for each message. The course, through the surveys carried out after each of the three sessions, received a high rating (3.83, 3.45 and 3.69 points of overall satisfaction out of a possible 4 in each of the sessions) from the attendees, so that in 2023, with the necessary adjustments, it will be held again with the aim of continuing to train the managers who were unable to participate in the 2022 edition and to extend it to those responsible for Aqualia's main contracts.



9.1.3. ESG awareness raising

In recent years, Aqualia has reinforced ESG aspects through numerous awareness-raising actions, both internal and external.

The most important actions carried out during 2022 have been:

9.1.3.1. Environmental Awareness Raising

One of the major communication actions that kicked off the year and which is still in force is the **launch of the Sosteniblómetro**. This is the first sustainable behaviour and habits meter for citizens. Through an online test, available on the website sosteniblometro.com, citizens can measure how sustainable their daily actions are. With this initiative, Aqualia brings sustainability closer to the entire population, so that they can assess whether their habits are in line with sustainable attitudes and how they can correct them. This action has continued throughout the year, generating content for the media and allowing the company to position itself as a benchmark in sustainability.

To encourage the use of the Sosteniblómetro, promotional actions have been carried out on social networks (see point 9.1.3. Digital communication and social networks) and, at a local level, at various events in which Aqualia has participated, using a QR code to access the test. This was done, among other occasions, at the company's stand at the Mancomunidad del Campo de Gibraltar at FITUR, at the international Canagua and Energy Fair (Las Palmas de Gran Canaria) or at the AEAS Water Congress, held between 28 and 30 September in Cordoba.

Aqualia analyses the information extracted from the tests carried out in the Sosteniblómetro. On the occasion of World Environment Day, which is celebrated every 5 June, the company reported the first results of the **1st Sustainable Behaviour Barometer**. According to this report, the most widespread sustainable habits among the population are only flushing toilet paper down the toilet and showering instead of bathing. The **2nd Sustainable Behaviour Barometer** was launched in December, after analysing almost 9,000 tests carried out throughout the year. The novelty of this [second wave of the study](#) is that it includes a city-by-city study that analyses the participation and results of each city.

For yet another year, Aqualia launched a new edition of the **Children's Digital Drawing Competition** on the *microsite* www.aqualyods6.com, in which the two main characters, Aqual and ODS 6, encourage children to join an Aqua-Olympic challenge and promote the sustainable use of water. On this portal, children in 3rd and 4th grade of primary school have the opportunity to learn about the SDGs as well as complete their drawing on an online canvas. The call for



entries is being launched in Spain, Portugal and in the thirteen municipalities that Aqualia manages in the departments of Córdoba and Norte de Santander (Colombia).

After two decades of existence, more than 250,000 students from different generations have already participated in this initiative. **In 2022, the competition counted 8,200 entries and provided 4,500 hours of digital training.** With this initiative, Aqualia aligns itself with and supports academic institutions and public administrations, while at the same time moving closer to SDG 4: "Quality Education".

On **World Water Day** (22 March), dedicated on this occasion to the importance of preserving groundwater, Aqualia reinforced the message about its important work in the development of technologies that optimise the performance of water distribution and the recovery of aquifers, highlighting the important role that the digitalisation of the processes and services linked to the water cycle has in facing the different challenges that arise. The **Communication and CSR department prepared and coordinated content published in 54 media outlets**, as well as advertising inserts in 58 print and digital media. In addition, coinciding with this important day for the sector, Aqualia launched its new official Instagram profile, [@aqualia_oficial](#).

On the occasion of **World Sanitation Day**, which is commemorated on 19 November, Aqualia focused on "making the invisible resource visible", pointing out the harmful effects of the sanitation crisis on groundwater, a problem that particularly affects the poorest and most marginalised communities. To this end, he issued the press release "The sanitation crisis, which kills 800 children every day, must be solved urgently". Through [actuaconaqualia.com](#), the challenge of protecting the sanitation systems was recalled and an appeal was made to citizens to make good use of the toilet and not use it as a wastepaper basket, due to the high environmental and economic cost it entails. Once again, Aqualia is aligned with the fulfilment of the Sustainable Development Goals and specifically with SDG 6 "Clean water and sanitation".

Another of the initiatives that Aqualia carried out at a local level were the **campaigns for responsible water use**, promoted in October due to the pressing drought that particularly affected the south of Spain. Several local councils asked Aqualia to carry out actions to raise awareness of the correct use of water for the public, so the councils were provided with different adaptations of the corporate campaign for the responsible use of water, including its logo on banners, posts for networks, posters, *emailings* and leaflets. Some of these campaigns have been developed in Jaén, Barbate (Cádiz), Tarifa (Cádiz), Alcalá de Henares (Madrid), Berja (Almería), various municipalities in the Canary Islands, Miajadas (Cáceres), Ronda (Málaga), Arcos de la Frontera (Cádiz), Rota (Cádiz), Torrox (Málaga), Vigo (Pontevedra), among others.

A desalinated water promotion campaign was launched in the Canary Islands. In March, at the request of the City Council, a series of videos were produced to promote the consumption of



desalinated water in Guía de Isora (Tenerife). The audiovisual pieces, which presented different advantages that this water brings to the daily lives of citizens, were disseminated through Aqualia's social networks. In the same month, on the occasion of the Tenerife Puntablanca Young Series surfing championship, sponsored by Entemanser, Aqualia's subsidiary in the Canary Islands, a desalinated water dispenser was installed. With this action, which facilitated the filling of water bottles for those attending, the aim was to highlight the quality, sustainability and price of desalinated water.

Special mention should be made of Aqualia's renewed commitment to and collaboration with the **Alliance for Water Management in Ibiza and Formentera**. As an active part of the Alliance, Aqualia took charge of the production and dissemination of the material for the "Vive la isla, cuida el agua" campaign, created by the company in 2016 and which has been repeated every summer.

On the occasion of the seventh anniversary of the Sustainable Development Goals, in September, as usual, Aqualia launched the **#InnovaDOS campaign**. For this occasion, a [website](#) was set up with complete information on the seven projects, and the campaign was followed on social networks with the *hashtag* #InnovaDOS. Internal communication actions were also carried out to raise awareness of sustainability among our professionals.

At different times of the year, and in order of opportunity, other campaigns were activated, such as the **World Environment Day** campaign. Under the slogan "Show your superpowers, take care of the planet", Aqualia made its entire workforce aware of the importance of being sustainable, by sending a corporate *email* and launching a *challenge* (*a viral challenge that is proposed and disseminated through social networks*) on its Instagram account. Other campaigns with a clear sustainability tinge were those for World Water Day and World Sanitation Day, mentioned above.

Aqualia's business model incorporates, in itself, **the concept of circular economy** by providing water collection, treatment, storage, distribution, sanitation and purification services, including the reuse and return of water, once treated, to its natural cycle. All this has been reflected in numerous actions implemented in 2022. Some examples are: the **inauguration ceremony of the Agramón WWTP (Hellín, Albacete)**, which was attended by the president of the Regional Government of Castilla-La Mancha, Emiliano García-Page, and other authorities.

On the other hand, the [closing ceremony of the Rewatergy project](#) took place in Jerez, an innovation project whose objective is to reduce the need for energy in the water treatment and reuse process, to promote the recovery of energy from wastewater, and to develop innovative disinfection processes for more sustainable drinking water treatment plants. Aqualia is one of



the three companies participating in the project together with three universities. The closing ceremony was widely covered by the media.

Another local milestone was the **visit of the mayor of Chipiona (Cádiz) to the pilot system of retractable solar panels at the WWTP in July**. During the visit to the wastewater treatment plant's facilities, the latest actions carried out to improve the plant's energy efficiency were presented: a portable system of retractable solar panels, which increase the energy self-sufficiency of the infrastructure by 10%. The pilot project deployed 200 photovoltaic panels that produce 400 kW per day and record accurate information in real time. This technology will be tested over the next few months and its suitability will be assessed, as there is room to install more panels and increase the plant's energy self-sufficiency to 70%.

Another **institutional presentation** was that of the **Zeppelin project in Algeciras (Cadiz)**. Aqualia has a 49% stake in Emalgesa, the mixed management company of the Municipal Water Service of Algeciras (Cadiz), and leads the research consortium. The aim of this project is to test new green hydrogen production and storage technologies based on the circular economy.

9.1.3.2. Social Awareness Raising

During 2022 Aqualia has been involved in the celebration of those World Days that represent its alignment with the SDGs and the 2030 Agenda. This is the case of **International Women's Day** (8 March), on which, under the slogan "With them, for a more sustainable future", a series of communication pieces were launched aimed at promoting equality among the members of the workforce through collective participation. Other initiatives developed for the day included the launch of the website www.aqualiaigualdad.com, and the preparation of the report "*#Empleoparatodas: women at risk of social exclusion in the world of work*" in collaboration with the Adecco Foundation. In addition, this year the human resources platform Equipos&Talento recognised Aqualia's commitment to female talent and diversity by awarding it the *Empowering Womens Talent* seal.

Similarly, the **social funds of Arcos de la Frontera and Chipiona (Cádiz) were renewed for the payment of water, sewerage and wastewater treatment bills for people with economic difficulties**.

On the occasion of **World Day Against Gender Violence**, celebrated on 25 November, Aqualia launched a new initiative on the aqualiacontigo.com website, this time under the slogan "Hugs that move worlds". The campaign encouraged all its audiences, both internal and external, to participate by uploading photos or videos of their hugs to the website and sharing the gesture on social networks with the hashtag #aqualiaContigo. Each hug added to the campaign became



economic support to finance one of the Adecco Foundation's projects aimed at employment or training camps for women victims of gender-based violence. In addition, Aqualia once again collaborated in the preparation of the "Gender Violence and Employment" report, which seeks to position employment as a key element for the comprehensive recovery of women who suffer from this scourge.

Aqualia develops and participates in initiatives to raise awareness of equality and diversity through various initiatives. The Communication and CSR department has collaborated in the dissemination of these initiatives.

Félix Parra, CEO of the company, spoke at the **Diversity and Inclusion Day**, organised on 2 June by the Human Resources platform Equipos&Talento. The event addressed the importance of supporting Diversity and Inclusion from general management, implementing it as a strategic value and competitive advantage in companies. Félix Parra, CEO of Aqualia, participated in the *CEO Voices* round table with other executive directors, debating the inclusion of diversity in corporate strategy. At the end of the day, Aqualia received the **Diversity Leading Company** Seal, becoming the first company in the water sector to obtain it, and the *Empowering Women's Talent* Seal, for the company's commitment to female talent. Both the event and the awards were covered by the department.

At the end of the year, the company signed an agreement with FELGTBI+ (Federación Estatal de Lesbianas, Gais, Trans, Bisexuales, Intersexuales y más) under which it adhered to the **"Companies for Diversity" (EMIDIS) programme**, a tool that the Federation makes available to companies to guide them in the management of affective-sexual, family and gender diversity in their workplaces. The department disseminated this information both internally and externally.

Finally, in collaboration with FCC's Communication department, the communication on the global equality and diversity platform *You_diversity* was disseminated.

9.1.3.2. Governance Awareness Raising

At the corporate level, Aqualia continues to focus on continuous improvement without losing sight of the principles of transparency. The company acts to achieve its sustainable business objectives and establishes mechanisms to hold itself accountable for the impact that its decisions have on sustainability. Aqualia reports on its decisions and activities through reports, giving sustainability information as much weight as financial information. This results in documents such as the **Sustainability Report**, which is published annually.



On the other hand, as a basis for establishing the axes and commitments of the Strategic Sustainability Plan, Aqualia uses its **Strategic Materiality Study**, an active listening process to ask the company's stakeholders, gather their opinions and develop the best way to communicate with them.

People management and ethics and compliance are two of the points of the 2021-2023 Strategic Sustainability Plan. In terms of people management, Aqualia seeks to continue contributing to the objectives of health and wellbeing, equality and diversity, and decent and healthy employment.

Through ethics and regulatory compliance, Aqualia tries to transfer its culture of ethical values to the entire company and its supply chain. To promote employee awareness of these aspects, Aqualia has continued to disseminate **Compliance Tips**, an internal tool that involves the periodic sending of small information pills to all Aqualia's staff via *email* and the Be Aqualia *app* (for *deskless* positions). The main *Compliance* policies were explained in these mailings, such as *due diligence* processes, prevention and eradication of harassment, anti-corruption policy, conflict management, among other messages.

9.1.4. Digital communication and social networks

In 2022, **Aqualia's website** exceeded one million visits, with a total of 1,025,674. A total of 676,660 users visited the website during 2022, resulting in a low bounce rate (percentage of users who leave the site after viewing a single page): 31.32%. On the other hand, some modifications have been made to aqualia.com, such as the reformulation of the *sitemap* of the corporate website and updating of the content at the beginning of the year. The Corporate Social Responsibility section was also reformulated. On the other hand, new sections have been created, such as a new space to house all the elements related to the 2021 Sustainability Report. Subsequently, this space was also adapted to Portuguese and French. In addition, a new section was created on the website with all the information relating to the seventh anniversary of the SDGs.

The company's online presence will be affected by the transposition in Spain of Directive 2020/2084, which includes a rethinking of the **"Citizen Information" portals**. The regulation, approved in December 2020 by the European Parliament, affects the quality of water intended for human consumption, whose new requirements include guaranteeing the availability of adequate and updated information on the management and availability of the supply for human consumption. In the last six months of the year, progress has been made on a plan to migrate the current local web portals of the services managed by Aqualia to a new portal format that



complies with the new regulations. These web portals will be accessible both from aqualia.com and from the websites of the Spanish city councils in which the company is responsible for water supply.

As part of Aqualia's commitment to education and in its ongoing quest to meet the Sustainable Development Goals, Aqualia has continued to promote the aqualiaeduca.com website this year. The portal is a free educational space where children and adults can learn about the water cycle and the importance of its proper management. The website offers access to resources to learn how to use water responsibly: videos, comics, pastimes and educational leaflets. In 2022, the website was visited by 6,117 users.

Aqualia's **social networks** have maintained their growth in 2022 compared to the previous year, both in terms of the number of followers obtained and the publications made. On Twitter, the company has gained more than 500 new followers, up to 7,077. YouTube has already surpassed 2 million views, with an increase of 175,104 in 2022. On LinkedIn, the company's followers have increased by more than 45%, from 25,833 last year to 37,854 this year. In March 2022, Aqualia's Instagram profile was launched, where, at the end of the year, it already had more than 1,000 followers. For the presentation of this latest profile, the **Manual of Use and Participation of Employees in RRSS**, published and promoted internally last year and which is still in force as a guide for all Aqualia's professionals to know how to use their social networks correctly, was used again. The company's leadership in the field of social networks within the sector was reflected in the presentation "The manual for the use and participation of employees in social networks", which members of the Communication and CSR department presented at the 36th AEAS Conference held from 28 to 30 September in Cordoba.

The company's social networks have played an important role in supporting and disseminating the company's **communication campaigns**. One of the most significant cases was the [campaign against gender violence](#), which was disseminated through social networks, with small promotional videos. The messages on social networks were used to interact with users, increase the number of followers and generate traffic to the corporate website.

Another major campaign that has been activated throughout the year on social networks has been the promotion of the Sosteníblómetro. As it is a new and interactive tool, social networks have been an ideal environment for publicising and promoting its use. Videos of how it works have been posted on YouTube, and short videos have been made to promote it in different publications on different networks - Twitter, Instagram, LinkedIn -. In addition, a *challenge* was launched on Instagram to encourage its use on the occasion of World Environment Day. Other Aqualia campaigns with repercussions on social networks include the videos for the launch of



the Occupational Health and Safety Awards campaign, the campaign for Women's Day, the awareness campaign for International Earth Day and the video for World Water Day.

9.1.5. Internal communication

Internal communication continues to become more important in the company's day-to-day work, due to the need to inform the entire Aqualia workforce using the different channels available. As a novelty, during 2022, work has been done to adapt the messages to the different types of "target audiences" within the company, which are basically divided between office workers and those who do not have a corporate or *deskless* email account.

During 2022, a total of 334 internal communications were sent in various formats (news flashes, emailings and internal notes), some of them in multi-language format. In addition, as an internal communication milestone, in November "Aqualia Global News" was launched, a fortnightly *newsletter* for the entire company with fixed sections that includes between 8 and 10 news items of interest to the entire company in each issue in Spanish and English.

During the course of the year, work continued in coordination with the People and Culture department for the development of the **Employee Assistance Programme (PAE)**, launched in December 2019. Within this framework, communication pieces have been developed to promote the use of Psicomet, a free psychological care service that Aqualia makes available to all employees in Spain. In addition, different psycho-educational campaigns have been developed dedicated to healthy habits, such as the campaigns "Disconnect to connect", "Improving productivity", and other initiatives dedicated to assertiveness and breaking down barriers to increase communication between work teams, among others. In collaboration with the Health and Wellbeing department, psycho-educational actions have been developed, such as "Self-management of time". All of them have been supported with various materials, such as *webinars*, videos and guides, and have been sent to professionals via *email* and notifications on the Be Aqualia mobile app.

It should be noted that in 2022 the process of the **First I4U Innovation Awards**, an initiative that was launched in 2021 to promote the development of internal talent and an innovative culture in the organisation, has been completed. The winners of this first competition were announced in February and the awards ceremony was held on 3 March 2022 at Aqualia's corporate headquarters in Las Tablas, Madrid, and broadcast via *streaming* for all professionals through the Microsoft Teams platform. Patricio Hermosilla, Plant Manager at the WWTP in Medina del Campo (Valladolid), was the winner of this first edition. The second prize went to Jordi Palatsi, plant manager at the Lleida WWTP, and Aqualia's colleagues voted for Andrés Sanabria,



Aqualia's foreman in Puerto de la Cruz (Tenerife). In the days following the event, a video of the best moments of the event was broadcast, with the winners' statements.

Furthermore, in June, in coordination with the People and Culture team, the **International People and Culture Conference** was held. These sessions, held in Madrid, brought together around 40 members of this department. The commitment to strengthen internal communication, both formal and informal, continued with the holding of the **First International Customer Management Conference**, where representatives of this department in Central Services and in the various countries where the company is present presented their success stories and shared their problems. The Communication and CSR department provided support for the graphic image of the event, various materials, the simultaneous translation service and the organisation of the visit to the Ávila service.

In April, on the occasion of **Safety Week, the Health and Safety Week**, various actions were organised in coordination with the Health and Welfare department. The communication of the different activities was segmented, so that the teams received information on the activities carried out in their immediate geographical areas. One of the initiatives developed was the Active Pause, a daily sending of videos with exercises to promote health and well-being at work, segmented according to whether they were aimed at office employees or *deskless workers*. On the occasion of **Safety Week**, the company presented Aqualia's new safety clothing and launched **United Heroes**, a pilot programme to promote sport among employees.



9.1.6. Events

Aqualia participated in 2022 in various forums, events and congresses in the sector or related to innovation or sustainability. This was the case of the **Quality Water Summit**, an event organised by the iAgua portal and held from 25 to 29 April to analyse the main current issues in the sector and the latest trends in technologies, products, engineering, management, operation, analytics and innovation. Aqualia was one of the main players and took part in different parts of the event: a session on green hydrogen, a presentation on the digitalisation of water and a dialogue on the future of water management.

Another important event of the year was the participation in the **Global Water Summit**, an event held in Madrid from 16 to 18 May, which analysed the key challenges facing the water industry today. Aqualia participated as a *Global Partner*, with a prominent presence throughout the event, as it also took part in various workshops, technology sessions and forums. The first *workshop* in which Aqualia took part addressed the keys to awarding water services with a *win-win procurement* philosophy, which referred to the need to eliminate the tensions arising from extreme competitiveness and the need for both contractors and the administration to benefit from public-private agreements. The company was present at other sessions, such as the *Water Tech Idol*, a kind of talent contest in which five cutting-edge technologies were presented and in which the company presented the Mides project, which won second prize.

Aqualia was also present at the **15th National Congress of Irrigation Communities**, organised by FENACORE (National Federation of Irrigation Communities of Spain), in which it participated as the main sponsor of the Congress. The event was held at the Palacio de Congresos de León, from 30 May to 3 June, and brought together more than 900 attendees around the concept of digitalisation (Irrigation 2.0), aimed at sustainability. Aqualia had a stand and an exhibition area to showcase its technological and irrigation management solutions and digital tools, as well as giving a presentation on "Technological innovation in the management of irrigation community facilities".

The company also participated in local external events such as the **XXXVI AEAS Congress**, held in Cordoba from 28 to 30 September. The technical programme focused on environmental, economic and social sustainability, with special emphasis on water, energy and digital transformation in urban water cycle processes. The company collaborated in sponsoring the event and also had a presence in the technical programme.

The **IWA YWP Spain 2022 Congress**, organised from 16 to 19 November by the *Spanish Chapter of Young Water Professionals*, together with AEAS, IWA and the main companies in the water



sector in Spain, was also attended by Aqualia. The meeting provided an overview of the sector and shared trends in innovation. Thanks to its extensive participation, Aqualia reiterated its commitment to promoting young talent in the water management sector, given that the future of these essential services depends on the innovative vision of these professionals.

Also in November, on the occasion of the **25th anniversary of the continued provision of the supply and sanitation service in Salamanca**, Aqualia held an event in the Salamanca capital to celebrate the anniversary. The event, which was attended by the President of the Castilla y León Regional Government, Alfonso Fernández Mañueco; the Mayor of the city, Carlos García Carbayo; and the company's Spanish Director, Santiago Lafuente, was a tribute to the 25 members of the company's team who have been active since the start of the concession.

From 29 November to 2 December, Aqualia participated prominently in the first edition of the **IWA Digital Water Summit**, held in Bilbao. This meeting brought together more than 400 international experts involved in the digitisation of the water sector. Water technology providers and water companies were the main participants, an occasion that Aqualia took advantage of, offering its focus on *Aqualia Live*, the intelligent system that unifies the entire management of the integral water cycle around a single platform. The company showed its readiness to meet the summit's objectives: to achieve greater efficiency and a better service to citizens through digitalisation.

Other meetings in which the company also participated were the Sustainability Forum in Santa Cruz de Tenerife (19 April), the ABC Forum "Water management in the era of scarcity", organised on 20 April in Seville; and the 1st Conference on Local Urban Agendas 2020, which took place in Algeciras from 7 to 9 September, to pool the urban agendas of local councils throughout Spain and which sought to advance the sustainable development of cities.

International

Aqualia has also participated in various **international** events on collaborative innovation and sustainability. One of these was the **Water Business Forum** congress, which was held at the Dubai Expo on the occasion of World Water Day, on 22 March. The company worked with ICEX and the commercial office of the Spanish Embassy in the United Arab Emirates to organise the intervention at the event, which was attended by senior water management representatives from numerous countries and executives from leading private companies in the global market. In addition, the company was present at the congress's Spanish-Emirati business forum in the panel *Present business opportunities and references to Spanish projects in the UAE. Water, infrastructure and Sustainability*, a session that was introduced by Pedro Sánchez, President of the Spanish Government. Taking advantage of the occasion, a business meeting was held



between Aqualia's delegates in MENA and the main clients in the region, such as Majis Industrial Services (Oman) and Abu Dhabi Sewerage Services Company (UAE).

Also in March, Aqualia also took part in the **Saudi Water Forum 2022 event**, held in Riyadh (Saudi Arabia). This event, the most important in the water sector in Saudi Arabia, brought together the main public bodies and private companies operating in the country. Aqualia was present at the event with a stand and participation in the *Operational Excellence and Smart Grids* panel. The company also presented the details of the *South Cluster* in the exhibition area.

In September, Aqualia participated as a special sponsor in the **ANDESCO Sector Congress**, the most important meeting of Public Services and Communications in Colombia. In addition to its sponsorship, the company had its own stand where it presented the way in which it manages its services in the country. José Ramón Díez-Caballero, Aqualia's Country Manager in Colombia, gave a presentation for all the attendees.

Aqualia was a **sponsor of the biennial congress of the International Desalination Association (IDA)**, which was held from 9 to 13 October in Sydney, Australia. The company played an important role, contributing to the technical committee, coordinating technical sessions, giving four oral presentations and creating, in association with the IDA, the Innovation Forum, a meeting place for agents involved in the promotion of new actions in the sector. Víctor Monsalvo, head of Eco-efficiency in Aqualia's R&D department, was awarded the prize for the best technical paper on innovation (Technical paper R&D) at the congress for his presentation of the Sea4Value Project.

In France, Aqualia took part in the **Salon des Maires et des Collectivités Locales** event, held in Paris from 22 to 24 November. The event, which this year celebrated its 20th edition and is supported by the AMF (French association of mayors), is the most important event in the management of municipal services in France. Its main objective is to offer alternatives to future challenges, such as urban development, energy, sustainability, efficient management of the water cycle and ecological transition.

To close the year Aqualia took part in the **XXXIV Annual Convention and Expo ANEAS** in the city of Irapuato, Mexico, from 5 to 9 December. The event, one of the most important in Latin America, brings together national and international experts, academics, legislators, businessmen, as well as specialists related to the water sector, particularly those in the drinking water and sanitation subsector. Aqualia's name not only appeared as a sponsor of the event, but was also present in the commercial area with its own stand and *merchandising*, and in the technical agenda and parallel events.



9.1.7. Prizes and awards

Aqualia was recognised at the **Global Water Awards 2022**, which are awarded by the British communications platform *Global Water Intelligence* and are known as the "Oscars of water". On this occasion, Aqualia received triple recognition for its contribution to sustainable developments. One of these was the *Distinction Award* (equivalent to second place) in the "Best Water Company of the Year" category; another, its inclusion among the four finalists in the *Net Zero Carbon Champion* category, a recognition that endorses Aqualia's global strategy in favour of decarbonisation; and lastly, the *Distinction Water Tech Idol*, awarded to Víctor Monsalvo for his presentation of the Mides project.

Another of the awards that Aqualia received this year were the **iAgua 2022 Awards**. The company was recognised as "Best Company of the Year", an award it has received for the third consecutive year and for the fifth time (it was awarded in 2015, 2017, 2019, 2020 and 2021). Juan Pablo Merino, Aqualia's Global Director of Communication and CSR, collected the award. The eighth edition of the iAgua Awards also introduced the "Equality, Diversity and Inclusion Award", an award that also went to Aqualia.

In addition to the above, the Spanish Climate Change Office (OECC) recognised **Aqualia's Carbon Footprint Register** for yet another year, highlighting the company's commitment to the fight against climate change. The Ministry for Ecological Transition and the Demographic Challenge has also awarded Aqualia the "**Reduzco Seal**".

In the same way, the International Water Association (IWA) recognised **Aqualia's innovative contribution to Climate and Sustainability**. Within the framework of its world congress, the *IWA World Water Congress and Exhibition*, held in September in Copenhagen, recognised Aqualia as one of the leading companies in sustainable water management (*Climate Smart Utility*). This award recognises the contribution of companies linked to the integral water cycle that carry out differential actions for the climate in three pillars: adaptation, mitigation and leadership.

At the local level, Aqualia was recognised as the **Best Advertising Campaign in Galician** at the Premios Publicidad en el Gallego (Advertising in Galician Awards). The Xunta de Galicia and the regional Parliament recognised Aqualia's campaign *A auga de Vigo é de alta calidade*, at the same time as the second phase of this image campaign was launched.

9.2. Sustainability

9.2.1. Sustainability Strategy. Sustainability in Aqualia. PESA



In the current context, both **supply and sanitation are critical services**. The correct management of the integral water cycle conditions many of the global goals that society faces: environmental goals, such as adaptation to climate change, protection of biodiversity or access to renewable energies; social goals, such as accessibility to water for vulnerable people and families and social awareness regarding the care and quality of water; as well as economic development, since optimising the management of the water cycle, its quality and availability makes it possible to improve the development and quality of life of millions of people.

Furthermore, it is the Decade of Action and, although Aqualia's sights are set on 2030, the uncertainty installed has turned the short term into the only time period that allows us to establish real and achievable objectives that contribute to creating value.

The current Strategic Sustainability Plan (PESA) 2021-2023 serves as the perfect timeframe under which Aqualia works on ESG issues.

During these years, the company has implemented the strategic lines established, based on the adaptation and mitigation of climate change, culture and people's well-being, ethics and social impact, the promotion of technology for integrated management, digitalisation and communication with all stakeholders. Aqualia's culture and values mark the way it does business and are present in all its commercial relations.

During 2022, specifically in the second half of the year, the PESA was revised, updating indicators and modifying some projects. In doing so, Aqualia has demonstrated that it has sufficient flexibility to adapt to major challenges. The company has defined a course to follow and assumes an unavoidable commitment to the digital transition and towards sustainability in order to live up to what the citizens of the 21st century expect from a company like this.

For yet another year, and successfully audited by AENOR, Aqualia has demonstrated, as manager of the integral urban water cycle, its high commitment to environmental sustainability and its contribution to the United Nations Sustainable Development Goals. This is reflected in the PESA and in the pillars on which its business is based.

Also the Communication on Progress (COP) to the Global Compact (GC) website has reached the GC Advanced level. Through the GC Advanced level, the Global Compact Office recognises companies that strive to be best reporters and declare that they have adopted and report on a wide range of best practices in sustainability governance and management.



Aqualia promotes and integrates the Ten Principles of the United Nations Global Compact and the Sustainable Development Goals (SDGs) into its corporate culture. Thus, the PESA focuses on achieving the goals established by the 2030 Agenda, with a vocation for cross-cutting action, related to the degree to which these goals are linked to the company's activity. Aqualia's Management System Policy establishes, among its principles of action, the achievement of the Sustainable Development Goals.

9.2.2. #Actúa Sustainability Report

In the summer, Aqualia published the #Actúa Sustainability Report, which consolidates its commitment to sustainability and exemplifies how the company addresses ethical standards and current and future social and environmental challenges in its Strategic Sustainability Plan 21-23, a roadmap to be followed.

The Sustainability Report is the culmination of a three-year cycle that began with the 2019 Sustainability Report #Listen, reflecting the process of active listening to Aqualia's stakeholders. The following year continued with the 2020 Sustainability Report #Conversa, with which a materiality study was developed that led to the PESA. The trilogy was completed with the document entitled #Actúa. This cycle symbolises Aqualia's listening and conversation with its stakeholders to respond to the SDGs, taking on the challenges of the 2030 Agenda.

This past year, the global listening process has been used with all stakeholders in Europe, LATAM and the United States. And the 2021 Sustainability Report highlights its performance in each of the 7 lines of the Strategic Sustainability Plan, which have led to the achievement of three major milestones in 2021: internationalisation, digitalisation and sustainability.

The report was presented internally by the Communication and CSR department through the sending of an *email* and a new section published on the website: aqualia.com/sustainability-report-2021.

Different pieces were produced both internally and externally: in physical format, the complete booklet and the executive summary to distribute among municipalities, with a QR code incorporated; in *online* format, in addition to the launch *email*, elements such as a video, banners for the website, gifs for Twitter... A space was opened on the corporate website, with banners directed to the different chapters, and direct and highlighted access to the interview with Félix Parra, CEO of the company. In addition, this year two spaces dedicated to the sustainability report were opened on the website in Portuguese and French.



The report was distributed and announced through some of Aqualia's digital channels. A month before, a pre-launch campaign was carried out on Twitter. In July, the report was presented to the Management Committee, the complete book was delivered and banners announcing the publication were published on the website and in the sector's media, as well as an *email* to all employees and a video. A week later, a press release was distributed to the media, and executive summaries were distributed to all the municipalities where Aqualia operates. In addition, the pieces were also published in English (website, video, *flipbook*, banners...).

The interview with Félix Parra, CEO of Aqualia, opens the report. In it, he remarks that we find ourselves in an era of uncertainty, coming out of a recent pandemic, with a war in Ukraine... To this, in the words of Félix Parra, *"we must add the challenges in terms of sustainability that we face as people and as professionals"*. At this time of challenge, he points out: *"Both digitalisation and a sustainable management model allow us to be more efficient, agile and capable of the best responses and solutions to the great present and future challenges, not only as a company but also as a society (...) Aqualia has sufficient flexibility to adapt to the great challenges, it has defined a course to follow and assumes an unavoidable commitment to the digital transition and towards sustainability"*.

Aqualia's Sustainability Reports have been published since 2006 and reflect the value of the company's environmental, social and corporate governance factors.

9.2.3. Strategic materiality. Satisfaction surveys. Listening process.

The Strategic Materiality Study, which is carried out every two years and has been updated this 2022, developing a more active listening to all its stakeholders and a more global scope. This study is a listening programme that serves to update Aqualia's stakeholders and the relevance of each one of them, so that it can correctly manage each action and communication channel with each group. The Strategic Materiality Study identifies and analyses aspects such as the state of the national and international context, sector trends and other relevant points, information that serves to update the issues of interest to the relevant audiences identified. Based on research of secondary sources such as the Green Deal or OECD and UNESCO documents, and interviews and surveys with internal (employees) and external (public administrations, customers, users, suppliers, media, NGOs) stakeholders. Aqualia's global materiality matrix was obtained from this, with the issues of interest segmented according to their scope (social, people, governance and environmental) and importance for the stakeholders and the company. Some of these issues were: climate change and responsible energy consumption, the circular water economy and efficient management of natural resources; safety, occupational health and employee wellbeing; infrastructure and management adapted to the challenges of society, technology that optimises water quality, innovative solutions that respect the environment...



Thanks to this mapping, a ranking is established with the importance of each point and the actions aimed at each stakeholder group are prioritised.

In Spain this year, a **Satisfaction Study** was carried out **with the end customer and the institutional customer**. The results obtained from the 3691 surveys carried out with end customers and 19 interviews with institutional customers have revealed, in general terms, a high level of satisfaction among users and local councils in the places where Aqualia operates. In 2022, the level of satisfaction remained the same as in the previous survey, and the percentage of satisfied customers was 80.5%, which represents a slight drop of less than one percentage point compared to 2020.

On the one hand, there is a significant decrease in dissatisfaction with customer service from 37% in 2020 to 19% in 2022. Dissatisfaction with billing problems also decreased from 12% in 2020 to 7% in 2022.

In terms of institutional customers, satisfaction with the service offered by the company received a rating of 4.05 on a scale of 1 to 5, which represents a very slight downward variation compared to 2020 (4.12). The study shows that more than 9 out of 10 institutional customers are satisfied with the service (94.8% rate it as "excellent", "very good" or "good"). The current edition of the study shows that 79% of those consulted rate the quality of Aqualia's service as "excellent" or "very good". In 2020 the assessment was very positive, perhaps influenced by the critical circumstances attributable to the pandemic, despite which the service continued to be provided without serious incidents. In 2022, this level of satisfaction was maintained, demonstrating the high level of performance of Aqualia's professionals. Aqualia's commitment to society and the environment is one of the aspects that obtained a slightly higher rating than in 2020, which conveys a positive perception of the efforts that Aqualia is making in these areas.

10. REGULATORY COMPLIANCE

One of the objectives of the Compliance Department for 2022 was to provide the companies in which Aqualia participates with other large companies with a **Compliance Model**. To achieve this, work has been coordinated with the *Compliance* departments of all the companies in the perimeter to define framework agreements containing the model of internal regulations to be applied in these organisations. Likewise, *compliance* models have been developed in several of the joint ventures in which Aqualia participates with local authorities.

The entry of the company Georgian Global Utilities JSC and its subsidiaries into the perimeter of Aqualia's group of companies has led its Board of Directors to approve the Compliance Model and to begin to deploy in these companies the *Compliance* management system already in place



in Aqualia for the integration of the Georgian group of companies into this system. As part of this deployment, a *Compliance Officer* has been appointed for Aqualia's activity in the Republic of Georgia, reporting functionally to Aqualia's *Chief Compliance Officer*.

In Colombia, Aqualia has also increased its activity, while the **SAGRILIFT** (prevention of money laundering) and **PTEE** (transparency and ethics) **programmes** have been approved for the Aqualia Intech branch in the country, as well as for the companies Aqualia Villa del Rosario and Aqualia Latinoamérica, all based on Aqualia's *Compliance Model*. Along with this major step in our activity in Colombia, the supplier approval system has also been implemented.

The control and process owners designated within each process have carried out the two self-assessments planned to verify the correct execution of the main controls with an impact on the Compliance Model. In parallel to these self-assessments, the Regulatory Compliance department carried out control monitoring based on a sampling exercise, which enabled some improvements to be implemented and action plans to be proposed to strengthen these controls.

From the third line of defence, the Internal Audit Department carried out a review of the Compliance Model to verify the correct development and progress of the *Compliance Management System* within Aqualia.

10.1 Compliance policies and procedures

In the 2022 financial year, it is worth highlighting the approval by Aqualia's Board of Directors of the Competition Policy of the FCC Group, to which it belongs, which has become part of the Compliance Model, thus following the recommendation given in this regard by the National Markets and Competition Commission in the guide published for this purpose.

The application of the management procedure for M&A processes (mergers and acquisitions) has also been put into practice, which has become particularly important during this period for the development of Aqualia's activity. In the M&A processes, Aqualia's Regulatory Compliance department has also actively participated in the *due diligence* processes of the *compliance* systems of the companies under analysis.

10.2 Training and awareness raising

The consolidation of Campus FCC as a platform for the launch of online training has made it possible to reach jurisdictions such as Saudi Arabia and the United Arab Emirates, where it has



been possible to provide training on ethics and anti-corruption to their employees with computer access.

In 2022, a **new training on the Code of Ethics and Conduct** was launched in Spain with a very high completion rate (98%) by the employees who attended. For this new training, a character, Ethmor, was created to lead participants through the company's principles and values to be protected through various defence walls as a novel way to reinforce employees' commitment to the Code of Ethics and Conduct. In addition, employees were required to sign up to the Code of Ethics and Conduct at the end of the course.

The integration of the **Competition Policy** into the Compliance Model involved face-to-face training for key employees directly involved in tendering processes. The rest of the employees were duly informed of the approval of this policy, as well as of its content, which they have access to on the intranet for consultation.

Following the approval of the SAGRILAF and PTEE Manual in Colombia, training was provided to the members of the Board of Directors of Aqualia Intech, as well as to the *management* of Aqualia's activity in Colombia, on the principles set out in the manual.

In addition, training in ethics and corruption prevention continued in the various jurisdictions for all new employees who joined the company during the year. This training was also provided to those *business partners* who, after being analysed through the *due diligence* process, were found not to have a sufficiently developed *compliance* system, mainly because they are small or medium-sized companies.

As part of raising employee awareness of *Compliance*, *Compliance Tips* have been periodically sent out by *email*, with advice on the main *Compliance* policies, explaining, among other matters, what the role of *Compliance* is, how the procedure works and how to investigate and respond to an alert received, explaining the objective of the new Competition Policy and stressing acting with integrity in a campaign called #CultivemoslaIntegridad (Let's Grow Integrity), which was accompanied by a pack with seeds for employees to sow and watch them grow.

We also wanted to reach out to *offline* staff for national activities through the dissemination of *Compliance Tips* via the BeAqualia *app*.



10.3 Risk assessment, controls and monitoring

Throughout 2022, the self-assessment of the execution of controls by control and process owners has continued and has been carried out at 100%, making it possible to ascertain the level of execution of these controls, as well as possible improvements to be made based on the information provided by the owners.

In the last self-assessment carried out in November and December, the companies Aqualia Latin America and Aqualia Villa del Rosario in Colombia were incorporated into the anti-corruption control self-assessment process.

The second line of defence monitoring carried out by the *Compliance* department is particularly important for risk assessment, in which the processes identified in Aqualia's activity are analysed by sampling the evidence that demonstrates the implementation of controls. This allows us to know whether the evidence is sufficiently robust to mitigate the initial risks identified and, if they can be improved, to propose effective action plans that allow us to have effective controls, thus working on the continuous improvement of the *Compliance* system.

10.4 Compliance due diligence with third parties

The year 2022 has meant, in terms of due diligence of third parties in terms of *Compliance*, an in-depth analysis of Aqualia's industrial customers in order to ascertain their alignment with the principles and values of our organisation, always respecting, as in the rest of the *due diligence*, the principle of proportionality and basing the analysis on a risk-based approach, always in collaboration with FCC's Intelligence department.

It is worth highlighting the development during this year of the process of approval in the area of *Compliance* of *business partners* in the activity that Aqualia carries out in Colombia.

At year-end 2022, at corporate level, 82 internal requests were received to analyse third parties that were part of 50 different projects. Of the final assessment reports issued by the Compliance Department, 22% of the third parties were classified as high risk, 47% as medium risk and 31% as low risk. Depending on the risk levels, mitigation measures are applied and, subsequently, the correct implementation of these measures is monitored.

10.5 Ethical Channel (*Whistleblowing line*)



Up to 31 December 2022, a total of 74 alerts have been received in the Ethics Channel on issues related to customer management (49%), labour disputes between employees (14%), harassment (4%), internal fraud (2%) and other issues such as the use and image of the brand. In addition, 16% of the alerts were considered not relevant because they were customer queries, complaints or claims that have to be managed through *aqualia contact* or for other reasons that mean they should not be taken into account as alerts for the purposes of the Ethical Channel.

By country, 66% of the alerts refer to activity in Spain, 19% to activity in the Czech Republic, 7% to activity in Colombia, 6% to activity in Portugal and 2% to both activity in France and activity in Georgia, which shows that the Ethical Channel is increasingly known in the international jurisdictions in which Aqualia operates.

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, addressed through an action plan for the improvement of internal control.

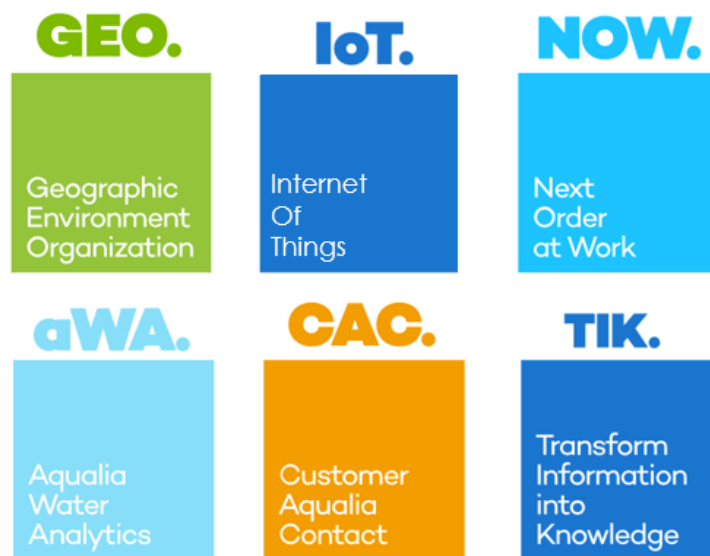
11. DIGITALISATION AND CYBERSECURITY

Aqualia has made a clear and resounding commitment to digitalisation as a key tool for achieving Aqualia's objectives in terms of sustainability, efficiency, service improvement and transparency.

Over the year 2022, investment in digitalisation has increased by 216%. Technology is advancing very quickly, providing us with new capabilities and opportunities. The increase in this investment allows us to accelerate the path of digitisation and make the most of these capabilities, which are translated into new functionalities and use cases of our *Aqualia Live* platform.

Aqualia Live is a platform designed and created by Aqualia experts with the know-how of the integral water cycle and technology at the same time. In other words, it is designed by people "from water and for water".

Our platform covers all the processes of the integral cycle, starting with the catchment, passing through drinking water treatment, distribution, the entire life of the customer, and ending with treatment and reuse.



Aqualia Live consists of the following modules:

- GEO: allows the geographical representation of assets, pipes, valves, hydrants, etc. with their main characteristics such as material, age, dimensions, etc.
- IoT: for the collection, control and integration of different devices regardless of the manufacturer or the communications protocol used.
- NOW: this module manages the complete life cycle of an asset with its preventive and predictive maintenance.
- CCS: customer/citizen relationship management through different digital channels (*app*, web, etc.)
- TIK: which transforms information into knowledge.
- aWA: the brain of the platform, using internal and external data and transforming it into intelligent solutions.

It incorporates new technologies, *IoT*, *BigData*, *Cloud Computing*, Artificial Intelligence and of course mobility, to optimise processes, making them more efficient and more sustainable.

This allows:

- Better service management. By digitising assets (plants, networks, reservoirs, pumping), it is possible to know what is happening in real time and thus act more efficiently and quickly.

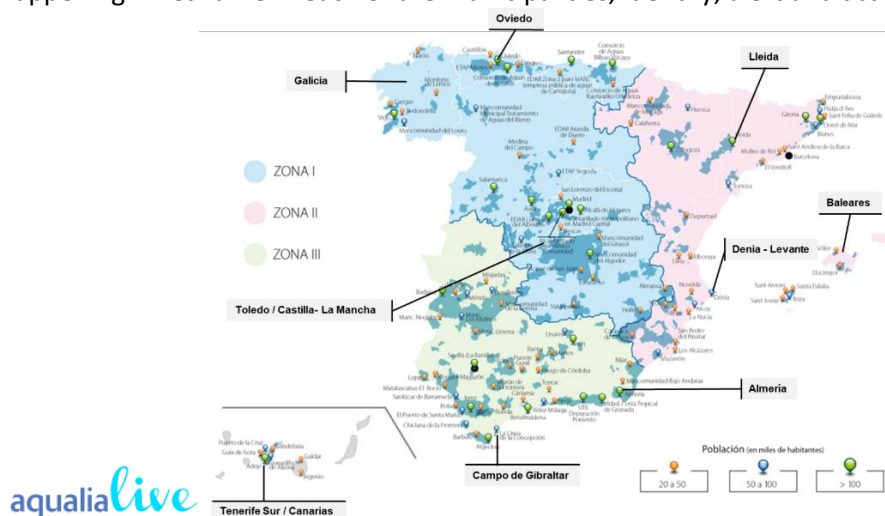


- A better service to citizens, water consumers. Through our *aqualia contact* app, they can consult their hourly consumption if they have a *smartmeter*. In addition, in 2022, customers will be offered the possibility of defining their own alerts, for example, if there is no consumption in the home of a vulnerable person or if there is consumption in a second home that is empty. In addition, if a leak is detected in a customer's home, Aqualia notifies them so that they can check their installation without waiting for higher costs or greater damage to the inside of their home.

As a new feature of the *Aqualia Live* platform. It highlights the early detection of leaks in the supply network. This early detection avoids unnecessary water losses and further damage to the network. In addition, a reduction in losses means that this water has not had to be treated and therefore a lower use of electricity and reagents. This is a clear example of how technology is a great ally of sustainability.

In 2021, the Toledo and Denia Control Centres began to validate and exploit the solutions. Working under the format of Regional Control Centres allows us to offer the same quality service in all the municipalities where Aqualia operates, regardless of their size.

During 2022, in addition to implementing new solutions such as the one mentioned above, our technology has been deployed nationwide in the different geographies where Aqualia provides its services under the format of control centres. In these control centres, it is possible to know what is happening in real time in each of the municipalities, identify, alert and act immediately.



Internationally, it is worth noting that the new concessions in France are already working with *Aqualia Live*.



It highlights the mobile work of our field force during 2022. Work orders are dynamically assigned to the nearest trained operator who receives them on their mobile. This means that travel is reduced or eliminated, saving fuel and reducing CO₂ emissions, eliminating paper (more sustainable) and improving response time and quality of information, thereby increasing operational efficiency and resulting in better service.

And finally, Aqualia has prepared for the implementation of PERTE, both in its first phase of demonstration projects and in its second, more generalised phase.

Cybersecurity

The main cybersecurity initiatives during the year 2022 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 supervise and 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 in Note 22.

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.

Possible events after 31 December 2022 are described in Note 27 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 Directors' Report of Fomento de Construcciones y Contratas, S.A. and Subsidiaries. This Statement of Non-Financial Information has been prepared taking into account the requirements established in Law 11/2018, of 28 December, which amends the Commercial Code, the revised text of the Capital Companies Act approved by Royal Legislative Decree



1/2010, of 2 July, on the 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 Barcelona Mercantile Registry.

The Annual Accounts and Management Report of the Company FCC Aqualia, S.A., which correspond to the year ended 31 December 2022, have been drawn up by the directors of the Company on 15 March 2023, and are identified as being drawn up on 114 sheets, on both sides, of stamped paper of the State of the 00 series numbers 5234128 to 5234241 inclusive, being signed, in proof of conformity, on the back of the sheet of stamped paper of the State of the 00 series number 5234241.

President

D. Alejandro Aboumrad González

Vice-President

Member

D. Nicolás Villén Jiménez

D. Lars Bespolka



Member

D. Pablo Colio Abril

Member

D. Gerardo Kuri Kaufmann

Member

D. Scott Longhurst

Member

Mr. Juan Rodriguez Torres