

**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, 2023**

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 29)

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, 2023, 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, 2023 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, 2023, includes 127.095 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, 2023, 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)18, 2.d)19 and 13.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.
- Examination of the transactions carried out during the fiscal year by the Company, reviewing the correlation of revenues, accounts receivable and associated collections, as well as the performance of analytical procedures consisting of a review of the evolution of the gross margin throughout the year.
- 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 2023 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 2023 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:

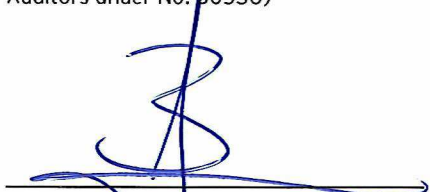
- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk 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. 50530)



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

March 15, 2024



FCC AQUALIA, S.A. AND SUBSIDIARIES

CONSOLIDATED ANNUAL ACCOUNTS

- Consolidated 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



CONSOLIDATED BALANCE SHEET

FCC AQUALIA, S.A. AND SUBSIDIARIES
as of 31 December 2023 (in thousands of euros)

ACTIVE

	Notes	31.12.2023	31.12.2022
NON-CURRENT ASSETS		3.316.536	3.125.791
Intangible assets	4	1.022.159	902.913
1. Concessions		827.655	795.395
2. Goodwill		170.424	85.305
3. Other intangible assets		24.080	22.213
Tangible fixed assets	5	1.072.682	993.062
Land and buildings		138.050	131.817
2. Technical installations and other tangible fixed assets		934.632	861.245
3. Investment property	6	3.150	2.560
4. Investments in associates and jointly controlled entities	8	47.006	54.353
Non-current financial assets	11	1.127.778	1.135.873
6. Deferred tax assets	20	43.761	37.030
CURRENT ASSETS		950.927	829.779
2. Stocks	12	51.838	41.528
3. Trade and other receivables		530.853	471.721
1. Customers for sales and services	13	420.773	367.633
Other debtors	13	108.870	102.076
3. Current tax assets		1.210	2.012
Other current financial assets	11	68.024	64.492
Other current assets		7.637	5.632
6. Cash and cash equivalents	14	292.575	246.406
TOTAL ASSETS		4.267.463	3.955.570

The accompanying notes 1 to 29 and appendices I to V are an integral part of the consolidated annual accounts for the financial year 2023.



CONSOLIDATED BALANCE SHEET

FCC AQUALIA, S.A. AND SUBSIDIARIES
as of 31 December 2023 (in thousands of euro)

LIABILITIES AND EQUITY

	Notes	31.12.2023	31.12.2022
NET WORTH	15	1.025.904	977.656
Equity attributable to the parent entity		867.066	816.439
Own funds		853.765	782.702
1. Capital		145.000	145.000
Share premium and reserves		628.495	502.520
4. Profit for the year attributable to the parent company		110.720	135.182
Interim dividend		(30.450)	-
Adjustments for changes in value		13.301	33.737
Minority interests		158.838	161.217
NON-CURRENT LIABILITIES		2.395.315	2.319.042
Subsidies	19	47.282	37.291
Non-current provisions	17	236.724	184.556
Non-current financial liabilities	16	2.020.382	2.017.592
Bonds and other negotiable securities		648.653	648.284
2. Amounts owed to credit institutions		1.176.728	1.186.845
Other financial liabilities		195.001	182.463
Deferred tax liabilities	20	72.442	65.836
Other non-current liabilities		18.485	13.767
CURRENT LIABILITIES		846.244	658.872
Current provisions	17	17.659	14.377
Current financial liabilities	16	268.819	68.376
Bonds and other negotiable securities		9.691	9.691
2. Amounts owed to credit institutions		104.482	16.111
Other financial liabilities		154.646	42.574
Trade and other payables		554.455	570.259
1. Suppliers		242.453	244.781
2. Other creditors	18	300.258	317.874
Current tax liabilities		11.744	7.604
Other current liabilities		5.311	5.860
TOTAL LIABILITIES AND EQUITY		4.267.463	3.955.570

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

FCC AQUALIA, S.A. AND SUBSIDIARIES
as at 31 December 2023 (in thousands of euros)

	Notes	31/12/2023	31/12/2022
Net turnover	22	1.487.402	1.323.155
Work carried out by the company for its assets	7	35.249	37.957
Other operating income	22	49.496	63.420
Procurement	22	(583.111)	(536.551)
Staff costs	22	(388.842)	(345.103)
Other operating expenses		(215.919)	(192.658)
Depreciation of fixed assets	5 y 6	(169.600)	(148.923)
Allocation of grants for non-financial fixed assets and others		4.161	2.953
Impairment and gains or losses on disposals of fixed assets		(2.551)	2.789
Other results		41	(3.231)
OPERATING INCOME		216.326	203.808
Financial income	22	39.516	39.447
Financial expenses	22	(91.393)	(59.223)
Exchange rate differences		6.446	4.802
Impairment and gains or losses on disposals of financial instruments		(240)	404
FINANCIAL RESULT		(45.671)	(14.570)
Result of entities accounted for using the equity method	8	1.584	2.575
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	20	172.239	191.813
Profit tax	20	(40.866)	(35.525)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		131.373	156.288
CONSOLIDATED RESULT FOR THE YEAR		131.373	156.288
Profit attributable to minority interests	15	20.653	21.106
PROFIT ATTRIBUTABLE TO THE PARENT COMPANY		110.720	135.182
Basic earnings per share (euros)		0,76	0,93

The accompanying notes 1 to 29 and appendices I to V are an integral part of the consolidated annual accounts for the financial year 2023.



CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

FCC AQUALIA, S.A. AND SUBSIDIARIES
as at 31 December 2023 (in thousands of euro)

	31.12.2023	31.12.2022
Consolidated result for the year	131.373	156.288
Other comprehensive income - Items not reclassified to profit or loss	8	23
Actuarial gains and losses and other adjustments	8	23
Tax effect	-	-
Other comprehensive income - Items that may be reclassified subsequently to profit or loss	(24.122)	70.793
Cash flow hedges	(606)	5.733
Valuation gains/(losses)	(201)	5.733
Amounts transferred to the profit and loss account	(405)	-
Conversion differences	(19.530)	75.246
Valuation gains/(losses)	(19.530)	75.246
Amounts transferred to the profit and loss account	-	-
Share of other comprehensive income recognised by investments in joint ventures and associates	(5.556)	(6.952)
Valuation gains/(losses)	(5.556)	(6.952)
Amounts transferred to the profit and loss account	-	-
Tax effect	1.569	(3.234)
TOTAL OVERALL RESULT FOR THE YEAR	107.259	227.104
a) Attributable to the parent entity	88.578	184.747
b) Attributed to minority interests	18.681	42.357

The accompanying notes 1 to 29 and appendices I to V are an integral part of the consolidated annual accounts for the financial year 2023.



STATEMENT OF CHANGES IN EQUITY

FCC AQUALIA, S.A. AND SUBSIDIARIES
as at 31 December 2023 (in thousands of euro)

	Social capital	Share premium and reserves	Interim dividend	Profit for the year attributable to the parent company	Adjustments for changes in value	Equity attributable to the parent entity	Minority interests	Total Equity
Notes	15	15	15	15	15	15	15	
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 partners or owners	-	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
Total recognised income/(expenditure)	-	(1.576)	-	110.720	(20.566)	88.578	18.681	107.259
Transactions with partners or owners	-	131.979	(30.450)	(135.182)	136	(33.517)	(19.808)	(53.325)
Dividend distribution	-	-	(30.450)	-	-	(30.450)	(22.107)	(52.557)
Other transactions with partners or owners	-	131.979	-	(135.182)	136	(3.067)	2.299	(768)
Other changes in equity	-	(4.428)	-	-	(6)	(4.434)	(1.252)	(5.686)
Balance at 31.12.2023	145.000	628.495	(30.450)	110.720	13.301	867.066	158.838	1.025.904

The accompanying notes 1 to 29 and appendices I to V are an integral part of the consolidated annual accounts for the financial year 2023.



CONSOLIDATED CASH FLOW STATEMENT

FCC AQUALIA, S.A. AND SUBSIDIARIES
as at 31 December 2023 (in thousands of euros)

	Notes	31/12/2023	31/12/2022
Profit before tax from continuing operations		172.239	191.813
Adjustments to the result		208.388	134.067
Depreciation of fixed assets	4 y 5	169.600	148.923
Changes in value, impairment and gain or loss on disposal of fixed assets		2.551	(2.789)
Other adjustments to profit or loss (net)		36.237	(12.067)
Changes in working capital		(85.436)	(46.975)
Other cash flows from operating activities		(37.895)	(43.410)
Dividend collections		2.861	1.109
Income tax receivables/(payables)		(40.756)	(44.519)
CASH FLOWS FROM OPERATING ACTIVITIES		257.296	235.495
Investment payments		(247.775)	(370.588)
Group companies, associates and business units		(5)	(181.487)
Property, plant and equipment and intangible assets	4 y 5	(244.802)	(180.303)
Other financial assets		(2.968)	(8.798)
Divestment proceeds		6.181	7.741
Group companies, associates and business units		0	3.871
Property, plant and equipment and intangible assets	4 y 5	3.464	1.894
Other financial assets		2.717	1.976
Other cash flows from investing activities		67.443	89.750
Interest charges		36.732	35.626
Other receipts/(payments) from investing activities		30.711	54.124
CASH FLOWS FROM INVESTING ACTIVITIES		(174.151)	(273.097)
Proceeds and (payments) on equity instruments		183	(244)
Issue/(redemption)		326	(244)
(Acquisition)/disposal of own securities		(143)	-
Receivables and (payments) for financial liability instruments		59.241	(204.373)
Broadcast		113.466	1.105.850
Repayment and amortisation		(54.225)	(1.310.223)
Dividend and remuneration payments on other equity instruments		(22.116)	(55.159)
Other cash flows from financing activities		(78.531)	(56.593)
Interest payments		(80.934)	(59.626)
Other collections/(payments) from financing activities		2.403	3.033
CASH FLOWS FROM FINANCING ACTIVITIES		(41.223)	(316.369)
EFFECT OF EXCHANGE RATE AND OTHER CHANGES		4.247	(1.546)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		46.169	(355.517)
Cash and cash equivalents at beginning of period		246.406	601.923
Cash and cash equivalents at the end of the period	14	292.575	246.406

The accompanying notes 1 to 29 and appendices I to V are an integral part of the consolidated annual accounts for the financial year 2023.



CONSOLIDATED REPORT FOR THE FINANCIAL YEAR 2023

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 its registered office at C/ Balmes, 36, Barcelona (Spain) and its registered office at Avenida Camino de Santiago, 40, Madrid (Spain).

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 Infraco Spain, S.L.U., owned by the investment fund IFM Global Infrastructure Fund, sold 49% of its share capital to the company Global Infraco Spain, S.L.U. belonging to the investment fund IFM Global Infrastructure Fund, with the FCC Group retaining the majority of voting rights at the 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 2023 have been prepared 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 the FCC Aqualia Group for the 2023 financial year have been prepared by the Board of Directors of FCC Aqualia, S.A. and will be submitted for approval by the General Shareholders' Meeting. However, no changes are expected to be made to them as a result of the fulfilment of this requirement. The consolidated annual accounts of FCC Aqualia for the 2022 financial year were approved by the Parent's General Shareholders' Meeting on 19 June 2023.

The consolidated annual accounts of the FCC Aqualia Group at 31 December 2023 have been prepared so as to give a true and fair view of the consolidated equity and financial position at 31 December 2023, and of the results of operations, changes in consolidated equity and consolidated cash flows of the Group for the year then ended.

The consolidated financial statements of the FCC Aqualia Group have been prepared on the basis of the accounting records of FCC Aqualia, S.A. and its investees. These records, in accordance with the operating procedures and systems established in the Group, justify and support the consolidated financial statements prepared in accordance with current international accounting standards.

In order to present the various items comprising these consolidated financial statements on a uniform basis, accounting standardisation criteria have been applied to the individual financial statements of the companies included in the scope of consolidation. In 2023 and 2022, the closing date of the financial statements of the companies included in the scope of consolidation was generally the same as that of the Parent Company, i.e. 31 December.

The consolidated annual accounts for the financial year 2023 incorporate for comparative purposes the figures for the financial year 2022.

The consolidated financial statements for the year 2023 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 the financial year 2023

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 2022, 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.

It is worth mentioning the amendment to IAS 1 "Presentation of financial statements" which establishes that only material accounting policies should be disclosed, a criterion which the Group has applied in these consolidated annual accounts.

In addition, IAS 12 "Income taxes" has been amended in relation to the new tax legislation under Pillar 2 of the OECD's Inclusive Framework. These amendments introduce, provisionally, a mandatory temporary exemption for the accounting and disclosure of deferred taxes that may arise from such legislation. This amendment also requires additional disclosures to facilitate the understanding of the exposure to such tax legislation. A qualitative description of the expected impacts of these regulations is included in note 20.

c) Principles of consolidation

Subsidiary companies

Subsidiaries are defined as companies over which the Parent 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 influence the amount of those returns.

The financial statements of subsidiaries are fully consolidated with those of the Company. Consequently, all significant balances and 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 on 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 15).

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

Joint agreements

The Group develops joint arrangements through participation in joint ventures jointly controlled by one or more FCC Aqualia Group companies with other companies outside the Group (note 8), as well as through participation in joint operations, through joint ventures and other similar entities (note 10).

The Group applies its professional judgement in assessing its rights and obligations under joint arrangements taking into account the financial structure and legal form of the arrangement, the terms agreed by the parties and other facts and circumstances relevant to assessing the type of joint arrangement.

In accordance with IFRS 11 "Joint Arrangements", interests in joint ventures are accounted for using the equity method and are included in the accompanying consolidated balance sheet under "Investments accounted for using the equity method". The share in the net profit for the year of these companies is shown under "Result of entities accounted for using the equity method" in the accompanying consolidated income statement.

Joint ventures, which mainly take the form of joint ventures and other similar entities, have been included in the accompanying consolidated financial statements on the basis of their percentage interest in the assets, liabilities, income and expenses arising from the transactions carried out by them, eliminating reciprocal balances in assets and liabilities, as well as unrealised income and expenses vis-à-vis third parties.

Appendix III lists joint ventures jointly controlled with non-Group third parties and Appendix IV lists joint operations operated jointly with non-Group third parties mainly through joint ventures and other entities with similar characteristics.

Associated companies

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, results from internal operations are eliminated and deferred until they are realised vis-à-vis third parties outside the Group, except in Concession agreements, since they are considered to be realised vis-à-vis third parties (note d.1).

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.

Changes in the scope of consolidation

Changes in the scope of consolidation during 2023 and 2022 are presented in Appendix V and note 2.e). 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 removals 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 for 2023 of the FCC Aqualia Group 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 services for the distribution of drinking water, 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 any 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

Goodwill is recognised at the positive difference between (a) the sum of the fair value of the consideration transferred for the interest acquired, the amount of minority interests and the fair value at the date of acquisition of the previously held interest in the case of a step acquisition and (b) the fair value of the identifiable assets and liabilities.

When the difference obtained according to the previous paragraph is a negative amount, a bargain purchase occurs. In these situations, the Group reviews the identification and valuation of the assets and liabilities acquired and if this difference is confirmed, it is recognised as a positive result in the year under "Impairment and gains or losses on disposals of fixed assets".

In general, minority interests are measured at their proportionate share of the fair value in the assets and liabilities of the acquired company.

If control of a business combination is achieved in stages, the difference between the fair value at the date of the acquisition of control of the previously held interest and the carrying amount of that interest is recognised in 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 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 acquired companies, 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 in working condition, capitalised costs include borrowing costs that have accrued before the asset is put into working condition and that have been drawn down by the supplier or relate to loans or other specific or general external financing directly attributable to the acquisition or manufacture of the asset.

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

The 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

All lease transactions (with 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 recorded primarily 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 lease agreements 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.

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

All acquisitions and sales of financial assets are recorded on the trade date of the transaction.

The Group manages its financial assets so as to obtain their contractual cash flows and therefore measures them using the amortised cost method. As an exception to the above, the Group measures certain financial assets at fair value in the following cases:

- Financial assets at fair value through profit or loss: This category includes derivatives that do not qualify for hedge accounting, financial assets that other standards require to be measured at fair value through profit or loss, such as contingent consideration in business combinations, and financial assets that would otherwise create an accounting mismatch.
- Financial assets at fair value through other comprehensive income: The Group measures its interests in companies in which it does not have control, joint control or significant influence at fair value through profit or loss with a charge to reserves.

For assets measured at amortised cost, an impairment loss is recognised if at the reporting date it is determined that credit losses will be incurred over their entire life. That is, impairment losses are recognised immediately when credit risk exists. Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party if it defaults on an obligation.



Receivables arising from a service concession arrangement are measured at amortised cost.

Trade receivables in the Group's ordinary course of business are recognised at their nominal value, since their maturity is generally less than twelve months, adjusted for expected credit losses over their life. In particular, and with regard to the valuation adjustments relating to trade and other receivables from the water business, the Parent Company calculates the expected loss of its private customers using a combination of facts that calculates the impairment of turnover for the year based on the percentage of historical insolvencies and the analysis of indications of customer debt quality based on situations of possible insolvency due to overdue debt and/or legal claims for the same.

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.

d.10 Stocks

Inventories are stated at the lower of acquisition cost or average production cost and any necessary value adjustments are made to bring these values into line with net realisable value.

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

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 expressed in another currency in the consolidation process has been carried out 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 for the year.

Translation differences of foreign consolidated companies generated by 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, except in the case of advances which, as they are considered non-monetary items, are translated at the exchange rate prevailing at the time of the transaction.



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 which offset the effect of the foreign company's translation difference into euro.

d.12 Equity instruments

Equity instruments are recorded at the amount received, net of direct issue costs.

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

d.13 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.14 Provisions

It is recognised when the corresponding obligation arises and the amount recognised is the best estimate at the date of the accompanying financial statements of the present value of the future disbursement required to settle the obligation, with the change in the year in respect of the financial restatement having an impact on the financial results.

Provisions for dismantling, retirement or restoration are recognised by increasing the value of the asset concerned 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 restatement mentioned in the preceding 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 normal operating cycle of the activity giving rise to the provision.

d.15 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.16 Financial derivatives and accounting hedges

The Group applies the treatment established in the regulations to derivatives that qualify for hedge accounting, classifying hedges as cash flow, fair value or net investment hedges of foreign operations.

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.

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 virtually all financial derivatives contracted by the Group being cash flow hedges (note 23):

- 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 company 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 profit and loss account.

- For cash flow hedges where the hedging derivative is not an IRS, the treatment is similar to that detailed for IRS.

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 its 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. Expected inflation is estimated on the basis of quoted inflation, implicitly in swaps indexed to European ex-tobacco 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, assuming an increase and decrease in interest rates at year-end under different scenarios of interest rate changes (note 23).

Note 23 of these notes to the consolidated financial statements details the financial derivatives that the FCC Aqualia Group has contracted, among other related aspects.

d.17 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.

The income tax expense is determined on the basis of consolidated profit before tax, increased or decreased by the permanent differences between the tax base and accounting profit. This adjusted accounting profit is subject to the tax rate applicable to each company in accordance with the legislation in force and is reduced by the tax credits and deductions accrued during the year, plus or minus any positive or negative differences between the tax estimate made at the end of the previous year and the subsequent tax settlement at the time of payment.

Temporary differences between the accounting profit and the taxable income for corporate income tax purposes, as well as differences between the carrying amounts of assets and liabilities recognised in the consolidated balance sheet and their corresponding amounts for tax purposes, give rise to deferred taxes which are recognised as non-current assets or liabilities, calculated at the tax rates that are expected to apply in the years in which they are expected to reverse without any financial revaluation.

The Group capitalises deferred tax assets in respect of temporary differences and tax loss carryforwards, except where there are reasonable doubts as to their future recoverability.

In accordance with IAS 12 "Income taxes", the Group has offset deferred tax assets and liabilities (note 20) 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 2023 deferred tax assets and liabilities amounting to Euros 11,060 thousand (Euros 9,286 thousand at 31 December 2022) have been offset.

d.18 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 the end of each reporting period, the Group evaluates the water sales supplied and not invoiced for the recording of "Production executed and pending certification" *under* the heading "Customers for sales and services rendered" on the current assets side of the accompanying consolidated balance sheet at 31 December 2023. To quantify the amount, it takes into account 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 the construction business, performance obligations are satisfied over time and therefore revenue is recognised using a product-based method, i.e. on a percentage-of-completion basis. Revenues are only recognised when they are covered by a signed prime contract with the property and in amendments to the prime contract approved by the property. In the event of approval of the modification, without the amount being fixed, the revenue is estimated as a variable consideration only if the aforementioned probability and non-significant reversal criteria are met. Budgeted losses are recognised as profit or loss for the year.

In this activity, costs are recognised in the accounts on an accruals basis. The costs of obtaining the contract, mainly related to the study and preparation of the project, are not capitalised as they cannot be considered incremental, since they are incurred regardless of whether or not the contract is finally obtained. In relation to contract performance costs, two main types can be distinguished: engineering and study costs and those related to general and specific installations (mainly ancillary installations such as concrete plants, auxiliary works or work sheds required to provide the services). The main contracts in which these costs are incurred are of the design and construction type, in which the remuneration to be received for the engineering and studies work to be carried out and those for the provision of construction services is identified by means of separate work units. Therefore, in general, engineering and design costs are not capitalised and are recognised on an accrual basis as services are rendered, unless the contract includes a clause whereby such costs will be reimbursed regardless of whether or not the contract is performed. Costs related to general and specific installations are recognised as expenses in accordance with the stage of completion when the contract identifies a separate unit of work with the corresponding remuneration and are only capitalised under inventories when the contract does not identify them separately, and are taken to profit or loss together with the rest of the contract costs using the aforementioned stage of completion.

In relation to service concession agreements, the FCC Aqualia Group recognises the interest income derived from the collection rights of the financial model as net revenue, 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).

The Group has entered into "Power Purchase Agreements" whereby it is assured the supply of specific amounts of renewable energy for a specific period of time at the price established in the contract. The aforementioned contracts are considered for own use as they are entered into with the intention of covering the future electricity consumption needs of the activity, and there is a high correlation between expected future consumption and the volume of energy contracted. An operating expense is charged to the income statement when the contracted energy is actually consumed.



d.19 Estimates made

In the Group's consolidated financial statements for the year ended 31 December 2023, estimates have been used to quantify certain of the assets, liabilities, income, expenses and commitments reported therein. Basically, these estimates relate to:

- Impairment losses on certain assets (notes 4, 5, 7, 12 and 13)
- Valuation of goodwill (note 4)
- The useful life of property, plant and equipment and intangible assets (notes 4 and 5)
- The recoverability of the executed work pending certification (note 2.d.16 and 13).
- The amount of certain provisions (note 17)
- The market value of certain derivatives (note 23)
- Recoverability of deferred tax assets (note 20)
- 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.

IFRS 7 "Financial Instruments: Disclosures" requires fair value measurements of financial instruments, both assets and liabilities, to be classified according to the significance of the inputs used in the measurement, with the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical instruments.
- Level 2: data other than the quoted price that are observable for the financial instrument, both directly (i.e. prices) and indirectly (i.e. derived from prices).
- Level 3: data for the financial instrument that are not based on observable market data.

Virtually all of the Group's financial assets and liabilities, which are measured at fair value, are level 2.

d.20 Related party transactions

The Group conducts all related party transactions at market value. Details of the main transactions with directors, management and between group companies are set out in note 24.

d.21 Pension and similar obligations

Certain Group companies have undertaken to supplement the retirement benefits and similar obligations of their employees. The accrued obligations are recognised in the accompanying consolidated balance sheet under "Non-current provisions" under "Long-term employee benefit obligations" in accordance with IFRS (Note 17).

d.22 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.23 Consolidated cash flow statements

The FCC Aqualia Group prepares its cash flow statement in accordance with IAS 7 "Statement of Cash Flows" using the indirect method, using the following expressions in the following senses:

- Cash flows are inflows and outflows of cash and cash equivalents.
- Operating activities are the activities that constitute the main source of the entity's ordinary revenues, as well as other activities that cannot be classified as investing or financing activities. Operating cash flows include "Other adjustments to profit or loss", which mainly include items that are included in profit before tax but do not have an impact on cash flows, as well as items that are already included under other headings in the statement of cash flows according to their nature.
- Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities are activities that result in changes in the size and composition of the Group's equity and borrowings.

For the purpose of the consolidated cash flow statements, cash and cash equivalents are cash and demand deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

e) **Changes in the scope of consolidation**

Year 2023

On 31 December 2023, FCC Aqualia, S.A. acquired a 97% ownership interest in Municipal District Services LLC for EUR 81,433 thousand. The main activity of this company, with registered offices in Katy, Texas, is the management of the integral water cycle and the provision of installation and maintenance services for water treatment and purification networks and facilities through agreements with the Municipal Utility Districts on the outskirts of Houston. It also provides other services in these districts, such as infrastructure repairs, metering and meter reading, customer billing and inspections of water networks and facilities.

This investment is part of the FCC Aqualia Group's strategy to enter a market in which it did not operate until now and in which factors such as the scarcity of water, the obsolescence of hydraulic infrastructures and the low penetration of private operators in the sector are the main growth opportunities for the company in certain states.

On 2 January 2024, the purchase price was paid out to the previous shareholders, which is why no cash flow is shown in the accompanying cash flow statement.

In the share acquisition agreement, a put in favour of the minority shareholder and a call in favour of FCC Aqualia was established for the 3 % held by the minority shareholder in the company, the fair value of which has been recorded as a financial liability (note 16).

The composition of the balance sheet incorporating the above-mentioned business combination in 2023 is detailed below:



Financial year 2023	Municipal District Services LLC
Non-current assets	87.085
Intangible assets	85.118
Tangible fixed assets	1.967
Current Assets	9.310
Stocks	913
Trade and other receivables	7.040
Cash and cash equivalents	1.357
Total Assets	96.395
Equity	81.508
Non-current liabilities	2.443
Current liabilities	12.444
Trade and other payables	12.444
Total Liabilities and Equity	96.395

The accounting for the aforementioned business combination has been estimated on a provisional basis and the Group has a period of one year from the date of taking control to adjust them in accordance with subsequent more relevant and complete information. The table below illustrates this fact:

Financial year 2023	Municipal District Services LLC
Goodwill	85.118
Total allocations to assets	85.118
Total net allocations	85.118

A reconciliation between 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 2023	Municipal District Services LLC
Amount of the acquisition	81.433
Fair value Minority interests	-
Fair value of net assets	3.610
Value put minority interests	75
Goodwill	85.118

As the business was acquired on 31 December 2023, there is no profit or loss contribution to the accompanying profit and loss account.

If the former company had been consolidated as of 1 January 2023, the ordinary income and results it would have contributed would have been as follows:

Financial year 2023	Municipal District Services LLC
Net turnover	66.882
Other income	863
Operating result	2.900
Profit before tax from continuing operations	2.953
Profit attributable to the parent company	2.864
Minority Interests	89



Year 2022

On 2 February 2022, FCC Aqualia, S.A. acquired a 65% stake in the Georgia Global Utilities Group (hereinafter GGU) for EUR 158,968 thousand, a water and renewable energy utility in Georgia. 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% interest 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 16).

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 breakdown of the balance sheets included in the above-mentioned business combinations in 2022 is shown below:

Financial year 2022	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	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	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 above business combinations contributed revenues and results to the accompanying consolidated income statement:

Financial year 2022	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 after tax	31.569	391	296
Profit attributable to the parent company	25.255	457	236
Minority Interests	6.314	(66)	60



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

Financial year 2022	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 after tax	34.182	1.161	2.014
Profit attributable to the parent company	27.346	1.259	1.607
Minority Interests	6.836	(98)	407

In 2023, the valuation of the assets and liabilities acquired one year earlier in the companies included in this note was completed without significant adjustments to the value of these assets.

3. DISTRIBUTION OF RESULTS OF THE PARENT COMPANY

The proposed distribution of the Parent's profit for the financial year 2023 to be submitted for approval by the General Meeting of Shareholders is as follows:

PROPOSED DISTRIBUTION OF RESULTS	
Benefit of the exercise	53.866
Distribution:	
Offsetting the interim dividend	30.450
A Voluntary reserves	23.416

REPORT OF THE BOARD OF DIRECTORS OF FCC AQUALIA S.A. FOR THE DISTRIBUTION OF AN INTERIM DIVIDEND FOR THE FINANCIAL YEAR 2023

In accordance with the provisions of Article 277 of the Capital Companies Act, which establishes the obligation of the Company's directors to present an accounting statement showing that there is sufficient liquidity for the distribution of an interim dividend, it should be noted:

1. That the result net of taxes generated by **FCC AQUALIA S.A.** at 31 October 2023 is **30,800,961 €**, higher than the proposed interim dividend of **30,450,000 €**.

The liquid resources available to the Company at 31 October 2023, amounting to **€88,632,764**, show that **there are** sufficient funds for the distribution of the interim dividend.



In view of the above, and taking into account that at the date of this report there have been no significant variations with respect to the above data, we consider that there is sufficient liquidity for the distribution of interim dividends of **€30,450,000** against the 2023 result.

It is therefore proposed to approve the following interim dividend out of the results of the financial year 2023:

21% gross of the nominal value at a rate of **€0.21** for each of the 145,000,000 shares with dividend rights.

Total amount. **30.450.000 €**

Gross interim dividend per share. **0,21 €**

Cash to be received per share. **0,21 €**

The Board unanimously approves the distribution of an interim dividend out of the profit for the year 2023 in the amount indicated in the previous report, to be paid as announced in due course.

4. INTANGIBLE ASSETS

The composition of intangible assets at 31 December 2023 and 2022 is as follows:

	Cost	Accumulated depreciation	Deteriorations	Net value
2023				
Concessions (note 6)	1.997.224	(1.156.279)	(13.290)	827.655
Goodwill	170.449	-	(25)	170.424
Other intangible assets	59.423	(35.343)	-	24.080
	2.227.096	(1.191.622)	(13.315)	1.022.159
	Cost	Accumulated depreciation	Deteriorations	Net value
2022				
Concessions (note 6)	1.877.439	(1.069.562)	(12.482)	795.395
Goodwill	85.330	-	(25)	85.305
Other intangible assets	51.040	(28.827)	-	22.213
	2.013.809	(1.098.389)	(12.507)	902.913

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:

	Estimated useful life
Concessions	5- 50 years (duration of the concession)
Other intangible assets	4 years

Intangible assets located outside Spanish territory amount to 392,652 thousand euros at 31 December 2023 (243,402 thousand euros at 31 December 2022).

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 17).



Movement in intangible assets

The movements in this item in the consolidated balance sheet during the financial years 2022 and 2023 were as follows:

	Concessions	Goodwill	Other intangible assets	Depreciation	Deteriorations	TOTAL
Balance as of 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)
Change in perimeter	17.961	-	1.184	(72)	-	19.073
Balance as of 31.12.22	1.877.439	85.330	51.040	(1.098.389)	(12.507)	902.913
Tickets	107.556	85.119	11.249	-	-	203.924
Endowments	-	-	-	(93.129)	(1.616)	(94.745)
Reversals	-	-	-	-	808	808
Exits	(1.709)	-	(1.160)	1.743	-	(1.126)
Transfers	(270)	-	(1.901)	22	-	(2.149)
Conversion differences	15.477	-	43	(1.771)	-	13.749
Change in perimeter	(1.269)	-	152	(98)	-	(1.215)
Balance at 31.12.23	1.997.224	170.449	59.423	(1.191.622)	(13.315)	1.022.159

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 operation, 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 2023, the Group has recorded additions amounting to 107,556 thousand euros, corresponding to the activity carried out by the Group in the following markets:

- Spain. During 2023, the concessions heading has had additions amounting to 26,234 thousand euros, highlighting Villadepalos (León) in the amount of 10,353 thousand euros for the investment commitments to be made by the Company in the remaining concession period in the treatment plant that provides service to the Mancomunidad de municipios del Bajo Bierzo, Linares (Jaén) in the amount of 2,940 thousand euros, corresponding to investment commitments to be executed for the extension



of a collector during the 20-year renewal period for which the Company provides service through a mixed economy company in which a mixed economy company provides the service through a joint venture in which the Company provides the service. 2,940 thousand euros corresponding to investment commitments to be executed for the extension of a collector during the 20-year renewal period for which the Company provides the service through a mixed economy company in which it is a shareholder together with the town council and Playa de Aro (Girona) in the amount of 5,517 thousand euros for the commitment of investments to be carried out in the 6 years following the signing of the contract.

- In the international sphere, of note are the investment commitments activated in Mexico in the city of Los Cabos in the amount of 16,319 thousand euros for the improvements to be made to the network for its sectorisation and reduction of leaks, in Colombia for the investment commitments activated in the water supply contracts of Riohacha in the amount of 26,661 thousand euros, Flandes in the amount of 9,699 thousand euros and in other contracts in the country in the amount of 6,091 thousand euros, all of which are aimed at modernising the supply and water supply networks and reducing leaks. 26,661 thousand euro, Flandes for 9,699 thousand euro and in other contracts in the country for 6,091 thousand euro, all of which are aimed at modernising the water supply and sewerage networks to increase the efficiency of the network and make better use of it. Investments of Euros 10,092 thousand were also made in Caltanissetta (Italy).

In 2022, the Group recorded additions of EUR 67,792 thousand relating to the Group's activities in the following markets:

- Spain. During the 2022 financial year, the concessions heading 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 over 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 were also 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 were 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.

As at 31 December 2023 and 2022, the main administrative concessions are as follows (in thousands of euros):



Year 2023

Contract	Regulated active concession agreement			Advances for Concession Agreement	Duration
	Cost	Am. Acum.	Deterioration		
Contracts in Spain					
Alcalá de Henares (Madrid)	18.021	(13.616)	-	-	25 years
Alcoy (Alicante)	7.568	(7.568)	-	13	20 years
Algeciras (Cádiz)	18.699	(8.032)	-	-	50 years
Almansa (Albacete)	9.234	(3.812)	-	-	25 years
Almería (Almería)	28.617	(19.508)	-	-	40 years
Arcos de la Frontera (Cádiz)	11.187	(5.022)	-	-	25 years
Badajoz (Badajoz)	52.795	(30.743)	-	-	50 years
Barbate (Cádiz)	7.218	(3.341)	-	-	25 years
Cabezo Torres (Murcia)	6.314	(6.314)	-	-	40 years
Calahorra (La Rioja)	7.299	(6.065)	-	-	25 years
Cartaya (Huelva)	8.724	(3.488)	-	-	25 years
Castrillón (Asturias)	10.417	(5.244)	(998)	-	25 years
Chipiona (Cádiz)	7.054	(5.121)	-	-	40 years
Denia (Alicante)	17.826	(10.934)	(1.350)	-	35 years old
El Arenal - Lluçmajor (I. Balearic Islands)	24.866	(1.761)	-	-	20 years
Gáldar (Gran Canaria)	13.398	(6.696)	(423)	-	25 years
Güímar (Gran Canaria)	10.115	(2.038)	-	-	25 years
Ingenio (Gran Canaria)	6.138	(5.181)	-	-	25 years
Jaén (Jaén)	9.594	(8.456)	-	-	30 years
La Línea de la Concepción (Cádiz)	16.138	(9.885)	-	-	25 years
La Nucia (Alicante)	32.202	(15.786)	-	-	50 years
La Solana (Ciudad Real)	5.513	(3.084)	-	-	30 years
L'Ametlla de Mar (Tarragona)	11.605	(7.496)	-	-	35 years old
Llanera (Asturias)	15.393	(8.518)	(2.858)	-	25 years
Lleida (Lleida)	49.277	(20.596)	-	-	25 years
Lloret de Mar (Girona)	24.774	(17.183)	-	-	25 years
Los Alcázares (Murcia)	12.469	(10.085)	-	-	20 years
Mdad. El Girasol (Toledo)	7.855	(6.797)	-	-	25 years
Mdad. Río Algodor (Toledo)	7.677	(3.400)	-	-	50 years
Mérida (Badajoz)	21.402	(16.360)	-	-	30 years
Moguer (Huelva)	7.518	(4.008)	-	-	30 years
Oviedo (Asturias)	38.903	(20.259)	(105)	-	50 years
Salamanca (Salamanca)	11.106	(6.569)	-	-	25 years
San Lorenzo Escorial (Madrid)	6.512	(3.448)	-	-	30 years
San Pedro del Pinatar (Murcia)	10.667	(5.853)	-	-	50 years
Sanlúcar de Barrameda (Cádiz)	17.263	(9.113)	-	-	40 years
Sant Feliu Guixols (Girona)	7.028	(4.672)	-	-	50 years
Sant Josep (Balearic Islands)	10.554	(6.571)	-	-	28 years old
Santander (Cantabria)	86.349	(61.229)	-	-	25 years
Sóller (Balearic Islands)	6.681	(4.478)	-	-	30 years
Talavera de la Reina (Toledo)	31.534	(24.114)	-	-	25 years
Valverde del Camino (Huelva)	6.206	(2.793)	-	-	25 years
Vélez-Málaga (Málaga)	7.800	(5.589)	-	-	20 years
Vigo (Pontevedra)	218.996	(204.746)	-	-	30 years
Adeje (Tenerife)	120.280	(105.653)	-	-	15-25 years
Ecija (Seville)	9.585	(8.593)	-	-	25 years
Jerez de la Frontera (Cádiz)	104.672	(44.049)	-	-	25 years
Línea de la Concepción (Cádiz)	346	(152)	-	-	12 years
Puerto de Santa María (Cádiz)	6.075	(1.726)	-	-	25 years
WWTP municipalities (Teruel)	16.618	(12.393)	-	-	21 years old
Municipalities C.Tropical Granada	34.081	(14.960)	-	-	25 years
International					
Abrantes (Portugal)	10.417	(5.278)	-	-	25 years
Campo Maior (Portugal)	4.034	(2.137)	-	-	30 years
Elvas (Portugal)	7.797	(3.377)	-	-	30 years
Cartaxo (Portugal)	25.788	(9.138)	-	-	35 years old
Fundao (Portugal)	7.145	(2.836)	-	-	30 years
Caltanissetta (Italy)	71.905	(30.392)	-	22.940	30 years
Oise Valley (France)	31.953	(11.898)	-	-	16 years



Year 2023

Contract	Regulated active concession agreement			Advances for Concession Agreement	Duration
	Cost	Am. Acum.	Deterioration		
Realito (Mexico)	44.013	(18.611)	-	4.244	13 years
Haaco (Arabia)	2.902	(1.266)	-	-	10 years
Qatarat (Arabia)	79.551	(47.251)	-	-	10 years
Aqualia Latin America (Colombia)	38.821	(9.129)	-	-	19 years old
Aqualia Villa del Rosario (Colombia)	9.495	(2.385)	-	-	14 years
Aqualia Gestión los Cabos (Mexico)	16.273	-	-	-	10 years
Aqualia Flandes (Colombia)	14.960	(786)	-	-	20 years
Aqualia Group Colombia	28.190	(1.808)	-	-	20 years
Aqualia Riohacha (Colombia)	26.429	(149)	-	-	-
Rest	312.032	(186.740)	(7.556)	159	5 - 50 years
Total	1.969.868	(1.156.279)	(13.290)	27.356	

Year 2022

Contract	Regulated active concession agreement			Advances for Concession Agreement	Duration
	Cost	Am. Acum.	Deterioration		
Contracts in Spain					
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 (Cádiz)	16.119	(9.515)	-	-	40 years
La Nucia (Alicante)	32.202	(14.826)	-	-	50 years
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



Year 2022

Contract	Regulated active concession agreement			Advances for Concession Agreement	Duration
	Cost	Am. Acum.	Deterioration		
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 (Cádiz)	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
International					
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
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	(177.039)	(6.439)	190	5 - 50 years
Total	1.856.554	(1.069.562)	(12.482)	20.885	

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 11.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 2023 and 2022 in the accompanying consolidated balance sheet is as follows:

	2023	2022
Depurplan 11, S.A.	19	18
Aqualia Intech, S.A.	2.523	2.523
Merger goodwill	82.764	82.764
Municipal District Services, LLC	85.118	-
	170.424	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.



On 31 December 2023, the Group acquired 97 % of the US-based company Municipal District Services, LLC, giving rise to the goodwill shown under this heading (note 2.e).

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: 2.3% in the first year, 5.3% in the second year and 5.8% in the third year.
 - Perpetual income growth: Zero.
 - Pre-tax discount rate: 9.74 %.
 - The current cash flow projections do not show a high sensitivity, withstanding increases in the discount rate of 22%, as well as a decrease in cash flows in the amount of 74% without incurring impairment.

- MDS goodwill. The following assumptions have been considered:
 - Annual EBITDA growth of 15% each year for the first 5 years.
 - Discount rate before and after tax: 7.54 %.
 - Hypothesis of annual renewal of contracts maintaining a base of 138,000 connections as at 31 December 2023.

5. TANGIBLE FIXED ASSETS

The net composition of property, plant and equipment as at 31 December 2023 and 2022 is as follows:

	Cost	Accumulated depreciation	Deteriorations	Net value
2023				
Land and Buildings	199.708	(61.658)	-	138.050
Land and natural assets	13.314	(233)	-	13.081
Buildings for own use	186.394	(61.425)	-	124.969
Technical installations and other tangible fixed assets	1.646.545	(711.722)	(191)	934.632
Technical installations	1.136.816	(468.686)	-	668.130
Machinery and transport equipment	217.931	(140.992)	-	76.939
Fixed assets under construction	115.095	-	-	115.095
Other tangible fixed assets	176.703	(102.044)	(191)	74.468
TOTAL	1.846.253	(773.380)	(191)	1.072.682
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



The movements in the various items of property, plant and equipment in 2022 and 2023 were as follows:

	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	Accumulated depreciation	Deteriorations	TOTAL
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
Inputs or allocations	165	12.024	12.189	28.881	11.008	53.602	14.220	107.711	(65.114)	-	54.786
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
Change 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
Inputs or allocations	295	21.731	22.026	44.068	24.017	71.286	23.028	162.399	(76.199)	(191)	108.035
Exits	(640)	(5.986)	(6.626)	(1.832)	(9.669)	(1.038)	(381)	(12.920)	11.112	-	(8.434)
Transfers	5	1.694	1.699	28.781	4.448	(34.467)	1.832	594	(22)	-	2.271
Conversion differences	(118)	(3.903)	(4.021)	(31.886)	(3.071)	(2.730)	2.590	(35.097)	14.422	-	(24.696)
Changes in the scope of consolidation	353	(94)	259	720	3.370	3	1.007	5.100	(2.915)	-	2.444
Balance at 31.12.23	13.314	186.394	199.708	1.136.816	217.931	115.095	176.703	1.646.545	(773.380)	(191)	1.072.682

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Additions in 2023 amounted to 184,425 thousand euros (119,900 thousand euros in 2022) and correspond to investments made in fixed assets of water contracts whose assets do not revert to the granting entities, with the following geographical distribution:

Geographical location	31.12.2023	31.12.2022
Czech Republic	32.353	33.415
Georgia	73.108	36.837
Spain	62.863	42.870
Other countries	16.101	6.778
Total	184.425	119.900

In 2023, the most significant increase was due to the modernisation being carried out in the water facilities providing the complete water cycle in the municipalities of Tbilisi and Rustavi (Georgia) in order to improve the performance of the network and reduce supply interruptions due to failures.

In 2022, the most significant movement in the table of changes in property, plant and equipment was recorded in the line "Changes in the scope of consolidation", which includes the fixed assets contributed by the subsidiaries of Georgia Global Utilities, amounting to 340,340 thousand euros, acquired in that year and which are the owners of the fixed assets with which they provide 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 2023, property, plant and equipment located outside Spanish territory has a net book value of 889,148 thousand euros and is mainly located in Georgia, the Czech Republic, Italy and France (842,951 thousand euros at 31 December 2022).

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 301,998 thousand euros as at 31 December 2023 (286,550 thousand euros as at 31 December 2022).

No interest has been capitalised in 2023 and 2022, 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 21,237 thousand in the Czech Republic at 31 December 2023 (Euros 26,301 thousand at 31 December 2022).

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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 November 2023 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 2023 and 2022.

	Intangible assets (note 4)	Non-current receivables, concession agreement (note 11.a.3)	Current receivables under the concession agreement (note 11.b)	Loans to Concession Joint Ventures (note 8)	Investment accounted for using the equity method in concession joint ventures (note 8)	Total investment
2023						
Cost	1.997.224	222.303	25.000	25.305	21.701	2.291.533
Amortisation	(1.156.279)	-	-	-	-	(1.156.279)
Deteriorations	(13.290)	-	-	-	-	(13.290)
	827.655	222.303	25.000	25.305	21.701	1.121.964
2022						
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)
	795.395	220.461	24.615	28.914	25.439	1.094.824

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 207,711 thousand at 31 December 2023 (Euros 155,080 thousand at 31 December 2022) (note 17). The increase compared to 2022 is mainly due to the investment commitments included in the contract awards and renewals obtained by the Group during the year, mainly in Spain, Mexico and Colombia (see note 4).

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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:

	Participations	Outstanding disbursements	Appropriations to LP	FINAL BALANCE
Balance as 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)
Other	1.185	-	-	1.185
Balance as at 31.12.22	25.476	(37)	28.914	54.353
Procurement	-	-	-	-
Profit-sharing	1.584	-	-	1.584
Dividend distribution	(1.420)	-	-	(1.420)
Outstanding disbursements	-	5	-	5
Conversion differences	(4.011)	-	-	(4.011)
Loans granted/(written off)	-	-	(3.609)	(3.609)
Other	104	-	-	104
Balance at 31.12.23	21.733	(32)	25.305	47.006

The most significant movements in 2023 in translation differences arise from the devaluation of the Egyptian pound and the Mexican peso against the euro, representing a translation difference of Euros 2,572 thousand and Euros 1,410 thousand, respectively (Euros 5,612 thousand due to the depreciation of the Egyptian pound and Euros 1,169 thousand due to the depreciation of the Mexican peso at 31 December 2022).

In the line "Loans granted" in the financial year 2023, the reclassification to current maturity of 1,504 thousand euros of the outstanding balance with Aguas del Puerto Empresa Municipal, S.A. stands out. In the financial year 2022, the early repayment by decision of its Board of Directors of the loan that the Group had granted to Aguas de Narixa, S.A. in the amount of 3,625 thousand euros and the reclassification made of the outstanding balance of 2,929 thousand euros for the loan granted to Aguas de Priego de Córdoba Empresa Municipal, S.A. as it was removed from the scope of consolidation in the year following an agreement reached between the Group and the town council of that 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 2023 and 2022 are presented below in proportion to the percentage interest in the share capital of each associate and jointly controlled company:

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	2023	2022
Balance		
Non-current assets	61.567	65.512
Current assets	56.326	56.115
Non-current liabilities	42.501	49.159
Current liabilities	65.459	59.037
Results		
Net turnover	53.404	54.075
Net operating result	3.222	4.868

Movements in 2023 and 2022 for the main companies, by item, are as follows:

	Balance as at 31.12.2022	Results of the exercise	Dividends Distributed	Translation differences and other movements	Change in loans granted	Balance at 31.12.2023
Orasqualia for the Development of the Waste Treatment Plant	10.880	1.023	-	(2.432)	-	9.471
Aguas de Langreo, S.L.	3.451	94	-	53	(366)	3.232
Empresa Municipal de Aguas de Benalmádena, S.A.	2.994	138	(19)	(272)	(782)	2.059
Aguas del Puerto Empresa Municipal, S.A.	11.469	(442)	-	395	(1.504)	9.918
Aigües del Vendrell	4.862	(257)	-	186	(121)	4.670
Codeur, S.A.	6.024	(139)	(93)	(1.827)	-	3.965
Oman Sustainable Water Services SAOC	1.588	769	(618)	(73)	-	1.666
Rest	13.085	398	(690)	68	(836)	12.025
Total associated companies	54.353	1.584	(1.420)	(3.902)	(3.609)	47.006

	Balance at 31.12.2021	Results of the exercise	Dividends Distributed	Translation differences and other movements	Change in loans granted	Balance as at 31.12.2022
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	14.587	1.786	(378)	(5.104)	(11)	10.880
Aguas de Langreo, S.L.	3.841	(53)	-	29	(366)	3.451
Empresa Municipal de Aguas de Benalmádena, S.A.	3.984	123	(188)	(138)	(787)	2.994
Aguas del Puerto Empresa Municipal, S.A.	11.948	(330)	-	371	(520)	11.469
Aigües del Vendrell	5.268	(203)	-	19	(222)	4.862
Codeur, S.A.	6.503	(194)	-	(285)	-	6.024
Oman Sustainable Water Services SAOC	1.220	708	(414)	74	-	1.588
Rest	20.615	816	(347)	(490)	(7.509)	13.085
Total associated companies	67.966	2.653	(1.327)	(5.524)	(9.415)	54.353

In relation to investments accounted for using the equity method, the FCC Aqualia Group has not granted any guarantees at 31 December 2023, nor at 31 December 2022, to financial institutions to guarantee the maintenance of the interest in the capital of the subsidiaries concerned during the term of the loan agreement.

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9. LEASES

In its position as lessee, the Group has entered into leasing contracts for underlying assets of different types, mainly offices in the municipalities where it provides the service that is the object of its activity and transport elements with leasing contracts.

In general, the leases entered into by the Group do not include variable payments; only certain contracts contain clauses to update the rent, mainly in line with inflation. In some cases, these contracts contain restrictions on use, the most common of which are those limiting the use of the underlying assets to geographical areas or to their use as office or production premises. The lease contracts do not include significant residual value guarantee clauses.

The Group determines the duration of contracts by estimating the period for which the entity expects to continue to use the underlying asset based on its particular circumstances, including extensions that are reasonably expected to be exercised.

The carrying amount of the right-of-use assets is EUR 61,488 thousand at 31 December 2023 (31 December 2022: EUR 57,365 thousand). The carrying amount, additions and write-downs during 2023 and 2022 are detailed below by underlying asset class:

	Cost	Accumulated depreciation	Net value	Additions
2023				
Land and Buildings	75.590	(22.075)	53.515	15.065
Land and natural assets	592	(144)	448	-
Buildings for own use	74.998	(21.931)	53.067	15.065
Technical installations and other tangible fixed assets	17.633	(9.660)	7.973	3.598
Technical installations	30	(19)	11	3
Machinery and transport equipment	12.941	(7.942)	4.999	3.544
Other tangible fixed assets	4.662	(1.699)	2.963	51
TOTAL	93.223	(31.735)	61.488	18.663
2022				
Land and Buildings	67.514	(17.175)	50.339	8.717
Land and natural assets	1.232	(206)	1.026	-
Buildings for own use	66.282	(16.969)	49.313	8.717
Technical installations and other tangible fixed assets	21.195	(14.169)	7.026	1.424
Technical installations	26	(16)	10	4
Machinery and transport equipment	16.496	(12.802)	3.694	1.108
Other tangible fixed assets	4.673	(1.351)	3.322	312
TOTAL	88.709	(31.344)	57.365	10.141

Lease liabilities recognised amount to Euros 74,322 thousand at 31 December 2023 (Euros 70,871 thousand at 31 December 2022), of which Euros 9,970 thousand (Euros 8,722 thousand at 31 December 2022) are classified as current in the accompanying consolidated balance sheet, as they mature within the next twelve months (note 16). Lease liabilities have generated an interest charge of Euros 1,836 thousand at 31 December 2023 (Euros 1,616 thousand at 31 December 2022). Lease payments made during the year amount to Euros 10,523 thousand at 31 December 2023 (Euros 11,109 thousand at 31 December 2022) and are recognised under "Receivables and (payments) on financial liability instruments" and "Interest payments" in the

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accompanying consolidated cash flow statement. Details of non-current lease liabilities by maturity are shown below:

As at 31 December 2023:

	2025	2026	2027	2028	2029 onwards	Total
Suppliers of fixed assets to third parties IFRS16	7.081	4.818	4.848	4.895	41.797	63.438
Suppliers of fixed assets group IFRS16	117	117	117	117	445	914
	7.198	4.935	4.965	5.012	42.242	64.352

As at 31 December 2022:

	2024	2025	2026	2027	2028 onwards	Total
Suppliers of fixed assets to third parties IFRS16	9.364	5.876	5.880	5.903	34.094	61.118
Suppliers of fixed assets group IFRS16	120	120	120	120	551	1.032
	9.484	5.996	6.000	6.023	34.645	62.150

10. JOINT OPERATIONS

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 of the various jointly managed businesses in terms of assets, liabilities and profit and loss account as at 31 December 2023 and 2022 are presented below:

	2023	2022
Balance		
Non-current assets	93.278	100.519
Current assets	87.962	86.133
Non-current liabilities	34.461	43.954
Current liabilities	97.714	102.287
Results		
Net turnover	169.258	181.250
Gross Operating Profit	42.427	41.398
Net Operating Profit	27.999	29.223

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

There are no significant "Non-current financial assets" or "Other non-current financial assets" in arrears. The breakdown of "Non-current financial assets" and "Other current financial assets" in the accompanying consolidated balance sheet is as follows:

11.a) Non-current financial assets

Non-current financial assets are distributed as follows:

2023	Financial assets at amortised cost	Financial assets at fair value through reserves	Financial assets from hedging derivatives	Total
Non-current loans to group companies (note 11.a.1)	806.479	-	-	806.479
Non-current third party receivables (note 11.a.2)	86.227	-	-	86.227
Non-current receivables, concession agreement (notes 7 and 11.a.3)	222.303	-	-	222.303
Held-to-maturity assets	158	-	-	158
Non-current financial derivative assets	-	-	3.615	3.615
Assets at fair value	-	8.996	-	8.996
Total	1.115.167	8.996	3.615	1.127.778

2022	Financial assets at amortised cost	Financial assets at fair value through reserves	Financial assets from hedging derivatives	Total
Non-current loans to group companies (note 11.a.1)	806.479	-	-	806.479
Non-current third party receivables (note 11.a.2)	93.945	-	-	93.945
Non-current receivables, concession agreement (notes 7 and 11.a.3)	220.460	-	-	220.460
Held-to-maturity assets	158	-	-	158
Non-current financial derivative assets	-	-	4.664	4.664
Assets at fair value	-	10.167	-	10.167
Total	1.121.042	10.167	4.664	1.135.873

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

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

	2023	2022
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 on which FCC Aqualia, S.A. issued the bonds (see Note 16-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%, which would accrue in 12-month periods starting on 30 November of each year.

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11.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 2023:

	2025	2026	2027	2028	2029 onwards	Total
Non-trade credits	9.212	9.130	12.387	20.899	4.259	55.887
Deposits and bonds	162	836	-	-	29.342	30.340
	9.374	9.966	12.387	20.899	33.601	86.227

As at 31 December 2022:

	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	0	27.718	28.619
	8.702	8.628	9.422	8.699	58.494	93.945

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

	2023	2022
Non-current loans to public entities	55.873	65.308
Non-current deposits and guarantees	30.340	28.619
Non-current loans to staff	14	18
TOTAL BALANCE OF NON-TRADE RECEIVABLES	86.227	93.945

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 accrue 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. Details of non-current receivables from public entities are as follows:

	2023	2022
Alboraya Town Council	535	806
Alcalá de Henares Town Council	1.563	1.896
Ávila City Council	-	470
Bollullos Par del Condado Town Council	1.379	1.379
Calasparra Town Council	-	42
Caravaca de la Cruz Town Council	5	44
Chipiona Town Council	463	599
Cristina Town Council	62	8
El Vendrell Town Council	-	62
Gáldar Town Council	2.283	2.528
Güímar Town Council	29	88
Hellín Town Council	-	1
Jaén City Council	13.839	18.788
La Guardia Town Council	313	335
La Línea Town Council	724	753

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	2023	2022
Lepe Town Hall	8.497	8.509
Magán Town Council	31	60
Platja d'Aro Town Council	2832	3077
Medina del Campo Town Council	39	46
Priego de Córdoba Town Council	2.646	2.792
Ribera del Fresno Town Council	278	278
Ronda City Council	1.491	1.660
San Pedro del Pinatar Town Council	181	211
San Lorenzo del Escorial Town Council	1.502	1.916
Sant Fost Town Council	(7)	24
Solana de Los Barros Town Council	26	51
Turcia Town Council	9	9
Vélez-Málaga Town Council	4.506	5.323
Villarrubia de Santiago Town Council	134	139
General Menacho Base	61	79
Campo de Gibraltar Region	4.680	4.788
Mancomunidad Costa Tropical Granada	7.541	8.239
Magenta Loan	231	308
Total Loans to third parties	55.873	65.308

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 16.c).

11.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):

	2023	2022	Granting entity
Mostaganem Desalination Plant (Algeria)	122.007	128.543	Algeria - Algerian Energie Co. S.p.a.
El Realito Aqueduct (Mexico)	62.775	56.738	Mexico - State Water Commission
Guaymas Desalination Plant (Mexico)	31.762	28.826	Mexico - State Water Commission
WWTP Cuernavaca (Mexico)	5.759	6.353	Mexico - State Water Commission
Total	222.303	220.460	

At 31 December 2023 the Group holds as a non-current concession asset an amount of Euros 122,007 thousand (Euros 128,543 thousand at 31 December 2022) relating to the Mostaganem seawater 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.

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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.

11.b) Other current financial assets

They are recorded at amortised cost and their composition at 31 December 2023 and 2022 is as follows:

	2023	2022
Other credits	54.881	52.745
Short-term loans to companies accounted for using the equity method (note 24.d)	5.919	4.329
Short-term loans to FCC Group companies (note 24.d)	7.852	6.105
Short-term loans to non-group third parties	14.543	13.715
Current deposits with credit institutions	1.025	2.990
Current collection right concession agreement	25.000	24.614
Dividends receivable from companies accounted for using the equity method (note 24.d)	542	992
Deposits and guarantees lodged	13.143	11.747
	68.024	64.492

The Group has made current deposits with credit institutions of its cash surpluses, mainly obtained from the Egypt contracts in the amount of EUR 675 thousand and from the France contracts in the amount of EUR 350 thousand (in 2022 obtained from the Egypt contracts in the amount of EUR 1,990 thousand and from the France contracts in the amount of EUR 1,000 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.

12. STOCKS

The composition of the stock balance at 31 December 2023 and 2022 corresponds to the following breakdown:

	2023	2022
Raw materials and other supplies	29.918	28.015
Advances from suppliers	21.831	13.424
Deteriorations	(70)	(70)
Pre-project/project start-up costs	159	159
TOTAL	51.838	41.528

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 deliveries.

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13. TRADE AND OTHER RECEIVABLES

a) Customers for sales and services

The breakdown of trade receivables for sales and services as at 31 December 2023 and 2022 is as follows:

	2023	2022
Certified production receivable and sales receivables	322.945	272.844
Production executed and to be certified	151.514	135.862
Guarantee withholdings	8.613	7.381
Production invoiced to Group companies pending collection	40.553	36.571
Provisions for doubtful debts	(102.852)	(85.025)
	420.773	367.633

The heading "Certified production pending collection and sales receivables" 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.18 "Operating income and expenses", and the amount certified for each of them is recognised as "Production executed and pending certification". At 31 December 2023, "Production executed and pending certification" includes Euros 24,419 thousand relating to construction work and Euros 127,095 thousand relating mainly to water supply to subscribers that were pending invoicing at that date (Euros 18,621 thousand in construction work and Euros 117,241 thousand at 31 December 2022).

The changes in the provisions for bad debts during the period 31 December 2022 to 31 December 2023 and 31 December 2021 to 31 December 2022 are as follows:

	2023	2022
Opening balance	85.025	49.688
Net allocations	7.589	6.052
Perimeter variations	4.575	28.976
Conversion differences	5.663	309
Closing balance	102.852	85.025

The net provisions for the year were recognised with a charge to "Other operating expenses" in the accompanying consolidated income statement at 31 December 2023.

a) Other debtors

The composition of the balance of "Other receivables" at 31 December 2023 and 31 December 2022 corresponds to the following breakdown:

	2023	2022
General government - Receivable for subsidies granted (note 20)	45.700	34.284
Sundry debtors	16.819	32.327
VAT receivable (note 20)	38.048	29.437
Social security debtors (note 20)	1.384	1.065
Inland revenue, indirect taxes borne (note 20)	6.919	4.963
TOTAL BALANCE OF OTHER DEBTORS	108.870	102.076

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The balance of "Taxes receivable - Receivable for subsidies granted" is due to the balances receivable for subsidies granted for R&D projects, the amount granted for the project included in the Spanish Government's PERTE water project (see note 19) and for operating deficits receivable on water services.

The balance of "Sundry accounts receivable" records balances receivable related to the Group's ordinary business.

14. CASH AND CASH EQUIVALENTS

Since the date of issuance of the bonds mentioned in Note 16, the Group has managed its cash flow autonomously and has increased its cash levels considerably due to its ability to generate cash flows.

	2023	2022
Treasury	292.575	246.406
TOTAL	292.575	246.406

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

	2023	2022
Czech koruna	4.783	8.033
US Dollar	92.747	4.132
Euros	146.811	178.279
Algerian Dinar	13.261	14.565
Dirham United Arab Emirates	2.391	1.109
Lari Georgia	659	12.635
Leu Romanian	4.245	90
Egyptian Pound	982	1.070
Chilean Pesos	233	182
Pesos Mexico	10.794	4.212
Marco Bosnio	-	9.084
Peso Colombia	4.835	-
Rial Qatar	4.812	4.549
Saudi Riyal	6.010	8.347
Sol Peru	16	108
Sucre	(4)	11
TOTAL	292.575	246.406

In the context of the bond issue carried out by the Parent Company in 2017 (see Note 16.b), guarantees have been provided in relation to certain accounts held by FCC Aqualia, S.A. with a balance at 31 December 2023 of Euros 99,487 thousand (Euros 51,136 thousand at 31 December 2022). These amounts include the balances of the debt service accounts amounting to Euros 17,088 thousand at 31 December 2023 and 31 December 2022.

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15. EQUITY

The consolidated statement of changes in equity at 31 December 2023 and 2022 shows the changes in equity attributable to equity holders of the Parent for the two 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 Infraco 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 Infraco Spain, S.L.U.	71.050.000	49,00
FCC MIDCO, S.A. (*)	14.500.000	10,00
	145.000.000	100,00

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

On 13 December 2023, the Parent Company, at its General Shareholders' Meeting, approved an interim dividend distribution of Euros 30,450 thousand, although this dividend had not been paid as of 31 December 2023.

REPORT OF THE BOARD OF DIRECTORS OF FCC AQUALIA S.A. FOR THE DISTRIBUTION OF AN INTERIM DIVIDEND FOR THE FINANCIAL YEAR 2023

In accordance with the provisions of Article 277 of the Capital Companies Act, which establishes the obligation of the Company's directors to present an accounting statement showing that there is sufficient liquidity for the distribution of an interim dividend, it should be noted:

1. That the result net of taxes generated by **FCC AQUALIA S.A.** at 31 October 2023 is **30,800,961 €**, higher than the proposed interim dividend of **30,450,000 €**.

The liquid resources available to the Company at 31 October 2023, amounting to **€88,632,764**, show that there are sufficient funds for the distribution of the interim dividend.

In view of the above, and taking into account that at the date of this report there have been no significant variations with respect to the above data, we consider that there is sufficient liquidity for the distribution of interim dividends of **€30,450,000** against the 2023 result.

It is therefore proposed to approve the following interim dividend out of the results of the financial year 2023:

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21% gross of the nominal value at a rate of **€0.21** for each of the 145,000,000 shares with dividend rights.

Total amount.	30.450.000 €
Gross interim dividend per share.	0,21 €
Cash to be received per share.	0,21 €

The Board unanimously approves the distribution of an interim dividend out of the profit for the year 2023 in the amount indicated in the previous report, to be paid as announced in due course.

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 was fully paid out before 31 December 2022.

b) Share premium and reserves

The composition of this heading at 31 December 2023 and 2022 is as follows:

	2023	2022
Parent Company Reserves	534.984	420.783
Consolidation reserves	93.511	81.737
	628.495	502.520

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 2023 and 2022 is as follows:

	2023	2022
Share premium	79.481	79.481
Legal reserve	29.000	29.000
Voluntary reserves	393.792	279.591
Special bookings	76	76
Goodwill reserves	32.635	32.635
	534.984	420.783

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.

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

At 31 December 2023 and 31 December 2022, 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 2023 and 2022 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 heading in the accompanying consolidated balance sheet includes the consolidated reserves generated in each of the business areas. In accordance with IFRS 10 "Consolidated financial statements", it also includes reserves arising from changes in ownership interests in Group companies, provided that control is maintained, for the difference between the amount of the additional purchase or sale and the carrying amount of the interest.

The amounts comprising this item for each of the most significant companies at 31 December 2023 and 2022 are as follows:

	2023	2022
FCC Aqualia, S.A.	65.069	63.769
Abrantaqua, S.A.	1.699	1.548
Acque di Caltanissetta, S.p.A.	1.097	6.624
Aguas De Aracataca S.A.S.	38	-
Aguas De La Península S.A. E.S.P.	242	-
Aguas De La Sabana De Bogotá S.A. E.S.P.	(120)	-
Aguas De Las Galeras, S.L.	44	39
Aguas Del Sur Del Atlántico S.A. E.S.P.	29	-

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	2023	2022
AIE Costa Tropical de Granada	(1.096)	(2.127)
Aigües de Vallirana, S.A.	(1.446)	1.805
Aisa D.O.O. Beograd-Vracar	(2.933)	(2.870)
AISA Montenegro	(2.870)	(2.776)
Aisa Pristina LLC	390	413
Aguas de Elvas, S.A.	1.585	1.241
Agua do Fundao, S.A.	955	765
Aquajerez, S.L.	(38.090)	(34.728)
Aqualia Colombia S.A.S.	(156)	-
Aqualia Czech, S.L.U.	(22.702)	(31.776)
Aqualia Desalacion Guaymas S.A. De C.V.	2.859	6.849
Aqualia Flanders S.A.S.S.E.S.P.	(21)	-
Aqualia France SAS	(4.916)	1.184
Aqualia Georgia Llc	(174)	-
Aqualia Gestion Los Cabos Sacv	(135)	-
Aqualia Infrastructures Inzenyring, s.r.o.	(30.739)	(28.973)
Aqualia Intech, S.A.	38.889	37.314
Aqualia Latin America	(9.289)	(1.422)
Aqualia Mace LLC	(250)	(164)
Aqualia México, S.A de C.V.	5.333	2.306
Aqualia New Europe, B.V.	-	2.443
Aqualia Portugal, S.A.	(37)	(36)
Aqualia Villa Del Rosario S.A.	(1.343)	(278)
Aquamag S.A. E.S.P.	208	-
Aquos el Realito, S.A. de CV	2.789	3.750
Aguas Do Cartaxo, S.A.	540	429
CEG, S.A.S.	(619)	(1.533)
Codeur, S.A.	-	261
Conservación y Sistemas, S.A.	262	254
Constructora de Infraestructuras de Aguas de Potosí SA de CV	(8.671)	(8.697)
Constructora de Infraestructuras de Aguas de Queretaro SA de CV	(5.686)	(5.684)
Depurplan 11, S.A.	1.396	581
Ecosistema de Morelos, S.A. de C.V.	798	1.768
Empresa Gestora de Aguas Linenses	2.780	2.639
Entemanser, S.A.	(38.411)	(17.007)
FCC Aqualia América, S.A., Unipersonal	-	(698)
FCC Aqualia USA CORP	(2.251)	(863)
Girona, S.A.	1.509	1.546
Hidrotec Water Technology, S.L.U.	16.726	15.567
Infraestructura y distribución general del agua, S.L.U.	(4.317)	(2.693)
Georgia Global Utilities Jsc	(2.448)	1.961
Gardabani Sewage Treatment Plant Llc	2.964	(0)
Georgian Engineering And Management Company Llc	(26)	(0)
Georgian Water And Power Llc	25.114	(243)
Georgian Energy Trading Company Llc	(111)	(0)
Saguramo Energy Llc	550	0
HA Proyectos especiales Hidráulicos S.R.L. de C.V.	1.180	1.180
Municipal District Services, Llc	75	-
Operadora El Realito S.A. De C.V.	338	307
Orasqualia Construction, S.A.E.	499	499
Orasqualia DEVEL.Waste T.P.S.A.E.	15.796	10.898
Orasqualia O&M	2.038	1.714

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	2023	2022
Proveïments d'aigua, S.A.	584	578
Qatarat Saqia Desalination Ltd.	2.170	2.761
Servicios Hidricos de Agricultura y Ciudad, S.L.	(376)	(310)
Shariket Tahlya Miyah Mostaganem Ltd.	30.493	32.669
Severomoravske Vodovody a Kanalizace Ostrava	19.308	3.563
Sociedad Española de Aguas Filtradas, S.A.	3.650	2.036
Societe Des Eaux De Fin D'Oise, S.A.S.	(551)	(4.919)
Sociedad Ibérica del Agua S.A.	268	193
South Cluster Spv Llc	360	-
Suministro de Aguas de Querétaro, S.A. de C.V.	310	315
Tratamiento Industrial de aguas, S.A.	20.086	15.649
Vodotech Spol SRO.	1.795	1.329
Other companies	480	787
	93.511	81.737

FCC Aqualia, S.A. includes an amount of 65,069 thousand euros at 31 December 2023 (63,769 thousand euros at 31 December 2022) 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 23) 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 2023 and 2022:

	2023	2022
Valuation adjustments	3.005	3.592
Conversion differences	10.296	30.145
	13.301	33.737

The amounts comprising the Valuation Adjustments for each of the companies at 31 December 2023 and 2022:

	2023	2022
Aquajerez, S.L.	1.854	2.757
Aquos el Realito, S.A. de C.V.	542	568
Qatarat Saquia Desalination	609	267
	3.005	3.592

The amounts comprising the translation differences for each of the subsidiaries with a functional currency other than the euro at 31 December 2023 and 2022 are as follows:

	2023	2022
Algerian Dinar	(3.315)	(3.072)
Shariket Tahlya Miyah Mostaganem S.p.a.	(3.315)	(3.072)
Mexican Peso	2.435	561
Aqualia México, S.A. de C.V.	(3.235)	(4.021)
Suministro Aguas de Querétaro, S.A. de C.V.	(38)	(79)

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	2023	2022
Constructora de Infraestructuras de Agua de Querétaro, S.A. de C.V.	(890)	(213)
Aquos El Realito, S.A. de C.V.	3.559	2.227
Operadora El Realito, S.A. de C.V.	43	4
HA Proyectos especiales Hidráulicos S.R.L. de C.V.	109	(23)
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	(172)	733
Aqualia desalacion Guaymas S.A. de C.V.	1.904	1.206
Aqualia Gestión los Cabos S.A. de C.V.	593	353
Ecosistema De Morelos S.A. De C.V.	562	374
Egyptian Pound	(20.862)	(18.290)
Orasqualia Devel. Waste. T.P.	(19.053)	(16.621)
Orasqualia Construction S.A.E.	(546)	(561)
Orasqualia O&M	(1.263)	(1.108)
Czech Crown	7.663	14.170
Aqualia Czech, S.L.U.	3.714	7.453
Severomoravske Vodovody to Kanalizace Ostrava a.s.	4.794	8.112
Aqualia Infrastructures Inzenyring, s.r.o.	(893)	(1.511)
Vodotech Spol, s.r.o.	48	116
United States dollar	(15)	(127)
FCC Aqualia USA Corp.	(15)	(127)
Colombian Peso	(4.132)	(3.889)
Aqualia Latinoamérica, S.A.	(3.691)	(1.107)
Aqualia Villa Del Rosario S.A.	(156)	(74)
Sera. Q.A. Duitama E.S.P. S.A.	(10)	(13)
Aqualia Flanders S.A.S.S.E.S.P.	(196)	(425)
Aqualia Colombia S.A.S.	(75)	317
Naunet S.A.S.	-	(39)
Aguas De La Península S.A. E.S.P.	(121)	(20)
Aquamag S.A. E.S.P.	158	(54)
Aguas De Aracataca S.A.S.	21	(18)
Aguas De Albania S.A. E.S.P.	(49)	7
Aguas Del Sur Del Atlántico S.A. E.S.P.	(88)	(6)
Aguas De La Sabana S.A. E.S.P.	68	(2.457)
Aqualia Riohacha S.A.S. E.S.P.	7	-
Serbian dinar	(79)	(76)
Aisa D:O:O: Beograd-Vracar	(79)	(76)
Dirham Arab Emirates	451	520
Aqualia MaceLLC	451	520
Saudi Riyal	155	738
H.A.A. & Co. Integrated Serv Ltd.	43	102
Qatarat Saquia Desalination	174	660
South Cluster SPV LLC	(47)	(24)
North Cluster SPV LLC	(15)	-
Rial Qatar	(41)	(29)
Aqualia Qatar	(41)	(29)
Rial Oman	38	111
Oman Sustainable Water Services SAOC	38	111
Lari Georgian	27.998	39.528
Aqualia Georgia LLC	(6)	(8)
Georgia Global Utilities JSC	22.079	29.009
Gardabani Sewage Treatment Plant Llc	422	846
Georgian Engineering And Management Company Llc	11	10

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	2023	2022
Georgian Water And Power Llc	5177	8914
Georgian Energy Trading Company Llc	51	81
Rustavi Water Llc	(15)	275
Saguramo Energy Llc	279	401
	10.296	30.145

The main change in 2023 is due to the depreciation of the Georgian lari and the Czech koruna. In 2022, the main change was due to the inclusion of Georgia Global Utilities JSC and its subsidiaries domiciled in Georgia in the scope of consolidation due to the appreciation of the Georgian Lari since its acquisition in January. There is also an increase in the translation differences of Aqualia Czech that year, due to the application of IAS 21 for the loan granted in 2022 and denominated in Czech koruna to Severomoravske Vodovody a Kanalizace Ostrava A.S. (Srnec).

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

	2023	2022
Mexico	83.612	75.294
Czech Republic	107.275	95.585
Algeria	165.769	175.107
Saudi Arabia	54.726	51.969
Colombia	55.703	53.197
Georgia	244.019	225.602
United Arab Emirates	3.224	4.160
Other	825	1.221
	715.153	682.135

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 (including joint ventures):

	2023	2022
Abrantaqua, S.A.	244	151
Acque di Caltanissetta, S.p.A.	217	9.624
Aguas de Albania S.A. E.S.P.	230	(3)
Aguas de Aracataca S.A.S.	134	38
Aguas de Archidona, S.L.	(30)	(7)
Aguas de Denia, S.A.	(13)	(58)
Aguas De Guadix, S.A.	112	56
Aguas de la Península S.A. E.S.P.	1.754	242
Aguas de la Sabana S.A. E.S.P.	1.611	236
Aguas de las Galeras, S.L.	150	372
Aguas de Narixa, S.A.	264	231
Aguas del Puerto Empresa Municipal, S.A.	(442)	(330)
Aguas del Sur del Atlántico S.A. E.S.P.	261	64
Gestión de Servicios Hidráulicos de Ciudad Real AIE	62	57
AIE Costa Tropical de Granada	1.123	2.156
Sorea-Aqualia EIG	0	(36)

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	2023	2022
Aigües de Blanes, S.A.	18	(7)
Aigües de Vallirana, S.A.U.	(105)	138
Aigües Del Vendrell, S.A.	(257)	(203)
Aqualia Infraestructures Beograd-Vracar	(69)	(63)
Aqualia Infraestructuras Montenegro	(145)	(94)
Aqualia Infraestructures Pristina, LLC	(175)	(23)
Aqua Campiña, S.A.	(15)	128
Aquaervas - Aguas de Elvas, S.A.	215	344
Aquafundalia - Agua do Fundão, S.A.	253	189
Aquajerez, S.L.	2.454	2.800
Aqualia Colombia S.A.S.	(321)	(157)
Aqualia Czech, S.L.	5.648	9.075
Aqualia desalación Guaymas, S.A. de C.V.	(4.142)	(3.991)
Aqualia Flanders S.A.S.S.E.S.P.	(1.744)	(21)
Aqualia France, S.A.S.	(5.343)	(4.068)
Aqualia Georgia LLC	83	(174)
Aqualia Gestión Los Cabos, S.A. de C.V.	503	(144)
Aqualia Infraestructures Inzenyring, s.r.o.	2.398	1.571
Aqualia Intech, S.A.	2.420	(128)
Aqualia Latinoamérica, S.A.	1.818	(6.376)
Aqualia MACE LLC	1.458	1.074
Aqualia Mace Qatar	486	738
Aqualia México, S.A. de C.V.	860	2.280
Aqualia Portugal S.A.	(8)	(1)
Aqualia Riohacha, S.A.S. E.S.P.	(102)	-
Aqualia Villa Del Rosario S.A.	(2.173)	(556)
Aquamag S.A. E.S.P.	1.277	208
Aquamaior - Aguas de Campo Maior, S.A.	(49)	(2)
Aquos El Realito, S.A. de C.V.	781	(961)
Cartagua - Aguas do Cartaxo, S.A.	161	111
CEG, S.A.S.	1.687	914
Compañía de Servicios Medioamb. do Atlántico, S.A.	(55)	2
Codeur, S.A.	(139)	(194)
Compagnie Armoricaine Des Eaux	39	(20)
Concesionaria de Desalación de Ibiza, S.A.	44	(201)
Conservación y Sistemas, S.A.	(2)	64
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	12	26
Constructora de Infraestructuras de Aguas de Querétaro, S.A. de C.V.	(77)	(3)
Depurplan 11, S.A.	1.006	815
Ecosistema De Morelos S.A. De C.V.	(443)	(224)
EMANAGUA - Empresa Municipal de Aguas de Níjar, S.A.	4	101
Empresa mixta de Aguas de Jódar, S.A.	(41)	(21)
Empresa Municipal de Aguas de Linares, S.A.	11	(11)
Empresa Municipal Aguas de Algeciras, S.A.	(330)	3

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	2023	2022
Empresa Gestora de Aguas Linenses, S.L.	370	141
Empresa Mixta de Aguas de Ubrique, S.A.	(42)	9
Empresa Mixta de Aguas y Servicios, S.A.	110	(10)
Empresa Municipal Aguas de Benalmádena, S.A.	138	123
Empresa Municipal Aguas de Toxiria, S.A.	(21)	(12)
Empresa Mixta de Aguas de Langreo, S.L.	94	(53)
Entemanser, S.A.	3.113	509
FCC Aqualia América, S.A.U.	-	(1)
FCC Aqualia, S.A.	44.792	57.996
FCC Aqualia USA CORP.	(1.696)	(1.388)
Genesis Lodos, S.L.	-	(1)
Gardabani Sewage Treatment Plant Llc	1.979	2.964
Georgia Global Utilities Jsc	(5.600)	(3.010)
Georgian Energy Trading Company Llc	8	(111)
Georgian Engineering And Management Company Llc	(95)	(26)
Georgian Water And Power Llc	14.427	25.706
Rustavi Water Llc	(1.791)	(818)
Saguramo Energy LLC	282	550
Girona, S.A.	9	(37)
H.A.A. & Co. Integrated Serv	(182)	(80)
Hidrotec Water Technology, S.L.U.	2.145	1.159
Infraestructuras y Distribución General de Agua, S.L.	191	55
Naunet S.A.S.	(258)	65
North Cluster S.P.V. Llc	764	-
New Company of Aguas de Ibiza, S.A.	10	(6)
Oman Sustainable Water Services SAOC	769	707
Operadora El Realito S.A. de C.V.	-	32
Orasqualia Devel. Waste Treatment Plant S.A.E.	1.022	1.786
Orasqualia Operation and Maintenance, S.A.E.	407	658
Proveiments d'Aigua, S.A.	27	7
Qatarat Saquia Desalination Ltd.	1.199	1.671
Servicios Hídricos Agricultura Y Ciudad, S.L.U.	(67)	(66)
Severomoravske Vodovody to Kanalizace Ostrava a.s.	14.920	15.745
Shariket Tahlya Miyah Mostaganem	4.245	3.982
Sociedad Española de Aguas Filtradas, S.A.	1.550	1.614
Sociedad Ibérica del Agua, S.A.U.	74	75
Societe Des Eaux De Fin D'Oise, S.A.S.	4.415	4.368
Société Pays De Dreux S.A.S.	229	-
South Cluster SPV LLC	669	360
Suministro de aguas de Querétaro, S.A. de C.V.	89	56
Tratamiento Industrial de Aguas, S.A.	8.243	4.256
Vodotech Spol, s.r.o.	598	466
Water Sur, S.L.	6	10
	110.720	135.182

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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 2023 and 2022 by item of the main companies with minority interests is as follows:

	Net Equity	Conversion differences	Outstanding disbursements	Interest rate hedging transactions	Results	Total
2023						
Abrantaqua, S.A.	1.260	-	-	-	163	1.423
Aguas de la Sabana S.A. E.S.P.	3.515	17	(599)	-	408	3.341
Aqua Campiña, S.A.	(11)	-	-	-	(2)	(13)
Acque di Caltanissetta, S.P.A.	179	-	(266)	-	1	(86)
Entemanser, S.A.	(97)	-	-	-	97	
Shariket Tahlya Miyah Mostganem	113.360	(9.683)	-	-	12.403	116.080
Aguas do Cartaxo, S.A.	1.099	-	-	-	108	1.207
Aqualia Mace LLC	(296)	433	-	-	1.400	1.537
Aqualia Mace Qatar	52	(21)	-	-	467	498
Aquos El Realito, S.A. de C.V.	8.536	3.419	-	521	751	13.227
H.A.A. & Co. Integrated Serv	2.856	41	-	-	(175)	2.722
Qatarat Saquia Desalination	14.492	167	-	585	1.152	16.396
South Cluster SPV LLC	508	(57)	-	-	817	1.268
North Cluster SPV LLC	60	(14)	-	-	734	780
Georgia Global Utilities JSC	(9.583)	(1.481)	-	-	(1.400)	(12.464)
Gardabani Sewage Treatment Plant Llc	976	106	-	-	495	1.577
Georgian Water And Power Llc	5.816	1.294	-	-	3.607	10.717
Rustavi Water Llc	453	(4)	-	-	(448)	1
Saguramo Energy Llc	69	70	-	-	71	210
Aqualia Riohacha	1.614	7	(1.291)	-	(98)	232
Rest	73	10	-	-	102	185
	144.931	(5.696)	(2.156)	1.106	20.653	158.838

	Net Equity	Conversion differences	Outstanding disbursements	Interest rate hedging transactions	Results	Total
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 Caltanissetta, 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 JSC	(6.471)	(2.983)	-	-	(752)	(10.206)
Gardabani Sewage Treatment Plant Llc	235	212	-	-	741	1.188
Georgian Water And Power Llc	(37)	2.228	-	-	6.426	8.617
Rustavi Water Llc	28	69	-	-	(204)	(107)
Saguramo Energy Llc	(69)	100	-	-	138	169
Rest	161	15	1	-	29	206
TOTAL	146.854	(6.641)	(904)	802	21.106	161.217

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On 31 December 2023, FCC Aqualia, S.A. acquired a 97% interest in Municipal District Services LLC (note 2.e). There is a put in favour of the minority shareholder and a call in favour of FCC Aqualia, S.A. for the 3% interest held by the minority shareholder in the company's shareholding. The aforementioned put has been recorded as a financial liability at fair value (note 16) and not as an equity instrument, so that no minority interests are recognised for the stake that is the object of the put. The difference between the fair value of the put and the value that the minority interests would have had at the closing date in the absence of the put is accounted for as an equity transaction and charged to reserves. As at 31 December 2023, the above-mentioned difference represents an increase of EUR 75 thousand in reserves.

On 2 February 2022, FCC Aqualia, S.A. acquired a 65% interest in the Georgia Global Utilities Group, which after the spin-off of the energy activity was left with an 80% interest in the water utilities business (see note 2.e). There is a put in favour of the minority shareholder and a call in favour of FCC Aqualia, S.A. for the 20% interest held by the minority shareholder in the water utilities business. The aforementioned put has been recorded as a financial liability at fair value (note 16) and not as an equity instrument, so that no minority interests are recognised for the interest that is the subject of the put. The difference between the fair value of the put and the value that the minority interests would have had at the closing date in the absence of the put is accounted for as an equity transaction and charged to reserves. As at 31 December 2023, the aforementioned difference represents an increase in reserves of EUR 1,048 thousand (decrease in reserves of EUR 1,961 thousand as at 31 December 2022).

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 8,976 thousand euros in this respect, and the increase due to the business combination of the companies Aguas de la Sabana and South Cluster.

16. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

a) Non-current and current payables to credit institutions

The detail as at 31 December 2023 and 2022 is as follows (in thousands of euros):

2023	NON CURRENT	CURRENT	TOTAL
Credit Lines and Loans	1.136.398	94.068	1.230.466
Accrued interest to be settled	-	2.096	2.096
Debts limited resource project financing	40.330	8.318	48.648
	1.176.728	104.482	1.281.210
2022	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

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

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At 31 December 2023, the limit of credit facilities and loans granted to the FCC Aqualia Group amounts to 1,288,549 thousand euros (1,206,059 thousand euros at 31 December 2022), with a drawn down balance of 1,281,210 thousand euros at 31 December 2023 (1,202,956 thousand euros at 31 December 2022).

The average interest rate on bank borrowings in 2023 and 2022 was basically the result of the conditions of the various interbank markets, referenced to Euribor.

Bank borrowings at 31 December 2023 and 2022 are broken down by company as follows (amounts in thousands of euros):

	Limit	Currency	2023.12	2022.12	Start date	Expiration	Interest rate
Credit lines and loans							
FCC Aqualia S.A.	1.100.000	Euro	1.096.112	1.095.830	22.06.2022	22.06.2026	EURIBOR 6M + 0.97%
Aquajerez, S.L. (Note 16.c)	48.574	Euro	44.074	48.574	21.07.2016	15.07.2031	EURIBOR 6M + 1.75%
Other Amounts owed to credit institutions in Spain	1.158	Euro	649	460			
FCC Aqualia USA Corp.	85.973	US dollar	85.973	-	28.12.2023	28.12.2024	SOFR 3M + 0.95% + 0.95%
Amounts owed to credit institutions in Georgia	1.150	Lari Georgian	884	1.000			
Debts owed to credit institutions in Colombia	3.045	Colombian Peso	2.773	3.045			
Interests			2.096	1.528			
Debts limited resource project financing							
Aquos El Realito, S.A. de C.V.	41.162	Mexican Pesos	41.162	41.047	16.03.2011	24.03.2029	TIIE 28D 3.25% Saivor 3M 2.25%
Qatarat Saquia Desalination	7.487	Saudi Riyal	7.487	11.472	04.03.2018	06.08.2026	Saivor 3M 2.25% Saivor 3M 2.25% Saivor 3M
	1.288.549		1.281.210	1.202.956			

In 2023, FCC Aqualia USA Corp signed a loan agreement with Caixabank for USD 95 million maturing in December 2024 for the acquisition of the company MDS in the United States. The financing obtained bears interest at SOFR plus a spread of 0.95%.

In 2022, the Parent Company 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 agreement 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 2026, after extension of the initial term.
- 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:

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- 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
Komercni Banka, A.S.	55.000
Société Generale, Sucursal en Espagne	21.000
Intesa San Paolo, S.P.A. Spanish Branch	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.

b) Bonds and other marketable securities

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

Non-current	2023		2022	
	Bonds	Interests	Bonds	Interests
Irish-listed plain vanilla bond issue	648.653	-	648.284	-
Total non-current	648.653	-	648.284	-

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The movement between 31 December 2022 and 2023 is as follows (in thousands of euros):

	Balance as at 31.12.22	Amortisation	Allocation to profit and loss	Exchange rate adjustment and other	Balance at 31.12.23
Debt securities issued within the E.U., which have been required to have a prospectus filed	648.284	-	369	-	648.653
	648.284	-	369	-	648.653

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 required the registration of a prospectus	1.564.556	(935.352)	449	18.631	648.284
	1.564.556	(935.352)	449	18.631	648.284

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

At its meeting held on 24 February 2017, the Board of Directors of FCC Aqualia resolved, inter alia, to carry out one or several issues of simple bonds of the Parent for a maximum aggregate nominal amount of 1,350,000,000 euros.

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)

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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 9,691 thousand at 31 December 2023 for accrued interest payable.

The market price of the bonds maturing in June 2027 is 97.965% at 31 December 2023 (91.259% at 31 December 2022). 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 two subsidiaries that have their own financing, namely Shariket Talhya Mostaganem and Aquajerez (note 16.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 on 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.

c) Other non-current financial liabilities

Other non-current financial liabilities are stated at amortised cost and are broken down as follows:

	2023	2022
Bonds and deposits received	49.851	47.472
Long-term suppliers of fixed assets to group companies	915	1.032
Long-term suppliers of fixed assets	64.375	62.154
Financial derivative liabilities	-	584
Non-current financial liabilities	79.811	71.191
Other	49	30
TOTAL	195.001	182.463

"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 such deposits received with a public body. The amount deposited is recorded in "Non-current deposits" (see note 11.a.2).

"Long-term suppliers of fixed assets" includes a non-current liability of Euros 63,438 thousand at 31 December 2023 (Euros 61,118 thousand at 31 December 2022) for future payment obligations incurred in accordance with IFRS 16 on "Leases" (see note 9). This liability is recognised at the present value of the future cash flows of each lease. In addition, there is a liability of Euros 914 thousand at 31 December 2023 and Euros 1,032 thousand at 31 December 2022 with FCC Group companies in this connection.

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Details of "Non-current financial liabilities" are as follows:

	2023	2022
Minority shareholders of Georgia Global Utilites	54.333	54.270
Minority shareholders of Municipal District Services LLC	2.443	-
Third-party shareholders of Aquos El Realito	8.240	7.397
Third-party shareholders of HAACO and Qatarat	11.620	5.331
Other non-current financial liabilities to third parties	3.175	4.193
TOTAL	79.811	71.191

The indebtedness to the minority 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 debt to the minority shareholder of Municipal District Services LLC is based on the fact that the Parent and MUD All Stars have granted each other a call option and a put option, respectively, on the remaining 3% interest of MUD All Stars in the share capital of MDS to be exercised by one or the other within sixty days after the end of the financial years 2026 and 2027.

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

d) Other current financial liabilities

Its detail is as follows:

	2023	2022
Remaining short-term financial debt with FCC Group companies	1.556	1.648
Short-term suppliers of fixed assets with FCC Group companies IFRS16	766	631
Short-term payables	39	336
Suppliers of short-term fixed assets	106.824	21.404
Bonds and deposits received	5.621	3.897
Dividend payable to group companies	15.529	-
Dividend asset payable to non-group third parties	15.130	367
Current financial liabilities, third parties	9.181	14.291
TOTAL	154.646	42.574

The heading "Suppliers of short-term fixed assets" includes the amount pending payment for the acquisition from the previous owners of the company Municipal District Services, Llc. in the amount of 81,433 thousand euros, which was paid on 2 January 2024.

The detail includes the dividend that was approved on 13 December 2023 but is pending payment to the Parent's shareholders in the amount of 30,450 thousand euros.

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The heading "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, which are not remunerated as they are settled in a very short period of time.

The item "Suppliers of short-term fixed assets" includes the liability associated with IFRS16 with current maturity of 9,204 thousand euros (8,091 thousand euros at 31 December 2022).

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

The expected maturity schedule as at 31 December 2023 and 2022 is as follows:

Year 2023

	2025	2026	2027	2028	2029 ONWARDS	TOTAL
Bonds and other marketable debt securities (note 16.b)	-	-	648.653	-	-	648.653
Non-current bank borrowings (note 16.a)	9.736	1.101.312	5.389	5.577	54.714	1.176.728
Other non-current financial liabilities (note 16.c)	83.772	5.133	5.066	8.148	92.882	195.001
	93.508	1.106.445	659.108	13.725	147.596	2.020.382

Year 2022

	2024	2025	2026	2027	2028 ONWARDS	TOTAL
Bonds and other marketable debt securities (note 16.b)	-	-	-	648.284	-	648.284
Non-current bank borrowings (note 16.a)	12.542	1.100.854	5.200	5.389	62.860	1.186.845
Other non-current financial liabilities (note 16-c)	19.529	68.362	6.000	6.023	82.549	182.463
	32.071	1.169.216	11.200	659.696	145.409	2.017.592

f) Other information

In relation to the financial liabilities contracted by the Group, there are mandatory ratios, and at 31 December 2023 there were no defaults that could affect the Group's main financing contracts. It is not expected that there will be any default in 2024.

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:

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	Balance at 1 January 2023	Cash flows from financing activities	No impact on cash flows			Balance at 31 December 2023
			Exchange rate differences	Change in fair value	Other movements	
Non-current	2.017.592	3.945	3.949	(444)	(4.660)	2.020.382
Bonds and other marketable debt securities (note 16.b)	648.284	369	-	-	-	648.653
Amounts owed to credit institutions (note 16.a)	1.186.845	(5.594)	4.032	-	(8.555)	1.176.728
Other financial liabilities (note 16.c)	182.463	9.170	(83)	(444)	3.895	195.001
Currents	68.376	186.419	307	-	13.717	268.819
Bonds and other marketable debt securities (note 16.b)	9.691	-	-	-	-	9.691
Amounts owed to credit institutions (note 16.a)	16.111	78.845	623	-	8.903	104.482
Other financial liabilities (note 16.d)	42.574	107.574	(316)	-	4.814	154.646

	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 16.b)	647.924	(159.951)	17.482	-	142.829	648.284
Amounts owed to credit institutions (note 16.a)	97.753	992.125	5.001	-	91.966	1.186.845
Other financial liabilities (note 16.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 16.b)	934.530	(927.227)	2.388	-	-	9.691
Amounts owed to credit institutions (note 16.a)	213.588	(110.383)	309	-	(87.403)	16.111
Other financial liabilities (note 16.d)	40.958	(9.303)	1.082	-	9.837	42.574

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17. NON-CURRENT AND CURRENT PROVISIONS

The composition of provisions as at 31 December 2023 and 2022 is as follows:

	2023	2022
Non-current		
Long-term employee benefit obligations	4.554	4.397
Litigation	4.636	6.276
Guarantees and contractual or legal obligations	5.329	5.452
Actions to improve or expand concession capacity	207.711	155.080
Other risks and expenses	14.494	13.351
NON-CURRENT PROVISIONS	236.724	184.556
Currents		
Settlement and construction losses	11.885	9.538
Compensation for works personnel	1.318	1.215
Other provisions	4.456	3.624
CURRENT PROVISIONS	17.659	14.377

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

	Non-current provisions	Current provisions
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
Endowments	107.817	8.472
Reversals	(2.235)	(2.318)
Exits	(59.312)	(2.615)
Conversion differences	5.898	(257)
Balance at 31.12.23	236.724	17.659

In 2023, provisions amounted to EUR 116,289 thousand, including EUR 84,127 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 9,632 thousand corresponding to the financial restatement of provisions.

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

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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 2023, the Group has recorded a provision of Euros 7,093 thousand (Euros 5,447 thousand at 31 December 2022) for the negative equity of two companies accounted for using the equity method, Constructora de Infraestructura de Aguas de Querétaro and Constructora de Infraestructura de Aguas de Potosí, domiciled in Mexico, as the directors consider this to be a future cash outflow.

The timing of expected disbursements at 31 December 2023 and 2022 arising from obligations covered by non-current provisions is as follows:

YEAR 2023	UP TO 5 YEARS	OVER 5 YEARS	BALANCE
Long-term employee benefit obligations	1.895	2.659	4.554
Litigation	4.636	-	4.636
Legal or contractual obligations and warranties	5.320	9	5.329
Actions to improve or expand concession capacity	102.678	105.033	207.711
Other provisions for liabilities and charges	12.400	2.094	14.494
TOTAL	126.929	109.795	236.724

YEAR 2022	UP TO 5 YEARS	OVER 5 YEARS	BALANCE
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

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 2023.

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 the service.

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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.

18. OTHER CREDITORS

The composition of the balance of "Other payables" at 31 December 2023 and 2022 corresponds to the following breakdown (in thousands of euros):

	2023	2022
General government - VAT payable (Note 20)	27.374	18.188
General government - Social security organisations creditors (Note 20)	10.193	8.980
General government - Withholding tax payable (Note 20)	5.053	4.498
Taxes receivable - Payable for other items (Note 20)	58.479	66.435
Remunerations to be paid	12.105	9.230
Customer advances	41.611	45.779
Creditors and other non-trade payables	145.443	164.764
OTHER CREDITORS	300.258	317.874

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 Administrations in respect of taxes and which are pending settlement (Note 20).

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

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19. SUBSIDIES

The movement in this heading during 2023 and 2022 is as follows:

	2023	2022
Balance as at 1 January	37.291	38.719
Additions for the year	14.383	1.971
Exits	(231)	(446)
Recognition of subsidies for intangible and tangible assets in profit or loss	(4.161)	(2.953)
Balance at 31 December	47.282	37.291

The FCC Aqualia Group has obtained additions in 2023 amounting to Euros 14,383 thousand (Euros 1,971 thousand in 2022), including those obtained in Italy for the partial financing of the Caltanissetta investment plan amounting to Euros 10,115 thousand (Euros 1,512 thousand at 31 December 2022).

In addition, in 2023, the Parent Company was awarded 4,008 thousand euros in the first call made by the Spanish Government for competitive grants for the development of projects to improve the efficiency of the urban water cycle (PERTE digitalisation of the water cycle) within the framework of the Recovery, Transformation and Resilience Plan financed by the European Union with Next Generation funds. FCC Aqualia's project involves the digitalisation of the water cycle in the municipalities belonging to the Campo de Gibraltar region (Cádiz - Spain).

In 2022, the Group received a grant of Euros 402 thousand to partially finance the construction of a desalination plant in Guaymas (Mexico), in addition to the amount of Euros 305 thousand obtained in this connection a year earlier. 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 subsidy obtained.

At 31 December 2023, the Group recognised an amount of Euros 30,381 thousand (Euros 29,237 thousand in 2022) in the consolidated income statement as operating subsidies (Note 22) 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 provided for in the respective specifications and contract.

The amounts receivable at 31 December 2023 and 2022 in this connection are shown in Notes 13 and 20.

20. 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 2023, 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.

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a) Public administrations

The composition at 31 December 2023 and 2022 of current assets and liabilities to public authorities is as follows (in thousands of euros):

Current assets

	2023	2022
H.P. Receivable for grants awarded (note 13)	45.700	34.284
VAT receivable (note 13)	38.048	29.437
Social security debtors (note 13)	1.384	1.065
Inland revenue, indirect taxes borne (note 13)	6.919	4.963
	92.051	69.749

Current liabilities

	2023	2022
Withholdings on account of personal income tax and corporate income tax (income from work and income from movable capital) (note 18)	5.053	4.498
Value added tax (note 18)	27.374	18.188
Social security organisations, creditors (note 18)	10.193	8.980
Other general government (Note 18)	58.479	66.435
	101.099	98.101

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, since 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 2023, deferred tax assets and liabilities amounting to Euros 11,064 thousand (Euros 9,286 thousand at 31 December 2022) have been offset.

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

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DEFERRED TAX ASSETS	2023	2022
Provisions	18.266	13.346
Pension plans	390	325
Depreciation	4.978	3.325
For the result of joint ventures carried forward and adjustments thereto	2.747	1.840
For intra-group transactions in the sale and purchase of fixed assets	6.472	6.398
Capitalised taxable income	6.772	7.390
For reversal of the financial capitalisation of the concession arrangement in IFRS	8.324	8.224
Other differences	6.876	5.468
Offsetting of deferred tax liabilities of the Tax group	(11.064)	(9.286)
TOTAL	43.761	37.030

The offsetting of deferred tax liabilities of the tax group is mainly due to the results of the joint ventures in the amount of 5,038 thousand euros as at 31 December 2023 (1,873 thousand euros as at 31 December 2022) and the allocation of goodwill in the amount of 2,923 thousand euros as at 31 December 2023 (3,278 thousand euros as at 31 December 2022).

DEFERRED TAX LIABILITIES	2023	2022
Difference between book and tax depreciation-SMVAK	28.254	25.849
For the allocation of goodwill assets	24.289	25.059
Difference between accounting and tax depreciation - concessions in Mexico	18.738	12.680
Difference between accounting and tax depreciation - concessions in Algeria	714	664
Other adjustments	11.511	10.870
Offsetting of deferred tax liabilities of the Tax group	(11.064)	(9.286)
TOTAL	72.442	65.836

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:

	2024	2025	2026	2027	2028	2029 ONWARDS	TOTAL
Deferred tax assets	7.780	6.143	2.431	2.302	2.010	34.159	54.825
Deferred tax liabilities	10.530	5.261	4.193	3.939	3.902	55.681	83.506

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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.

	2023			2022		
Consolidated accounting profit for the year before taxation			172.239			191.813
	Increases	Decreases		Increases	Decreases	
Consolidation adjustments and eliminations	1.501	(3.085)	(1.584)	1.154	(3.807)	(2.653)
Permanent differences	18.778	(31)	18.747	1.200	(30.055)	(28.855)
Offsetting B.I. from previous years						
Adjusted consolidated accounting result			189.402			160.305
Time differences:						
- For other adjustments (mainly provisions and allowances)	40.238	(6.235)	34.003	15.554	(9.895)	5.659
- For depreciation	10.310	(12.615)	(2.305)	361	(2.468)	(2.107)
- For carryovers of the result of the UTEs to the following financial year	20.858	(29.973)	(9.115)	18.376	(10.351)	8.025
- Tax effect IFRS16	395	(24)	371	327	(36)	291
- Adjustment of deferred tax assets for intra-group results	2.514	(1.371)	1.143	3.146	(1.331)	1.815
Activation and offsetting of tax credit			(2.748)			(14.757)
Consolidated tax base (tax result)			210.751			159.231

At 31 December 2023 and 2022, "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 40,866 thousand, as reflected in the accompanying consolidated income statement (EUR 35,525 thousand in 2022).

d) Tax recognised in equity.

There are no significant taxes recognised in equity in 2023 and 2022.

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

	2023	2022
Adjusted consolidated accounting result	189.402	160.305
Corporate income tax liability	50.066	38.237
Deductions and allowances	(367)	(4.699)
Other adjustments	(8.833)	1.987
Corporate income tax accrued	40.866	35.525

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The parent company of the FCC Aqualia Group has a balance of Euros 5,703 thousand payable to the tax authorities in respect of companies with tax domicile in Spain and belonging to the FCC Aqualia tax group (group number 233/19) (Euros 4,998 thousand at 31 December 2022).

Moreover, the OECD has promoted a project to establish a supplementary tax to ensure an overall minimum level of taxation for multinational groups (the so-called "Pillar 2" project). Pillar 2 legislation has been enacted, or substantially enacted, in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's annual periods beginning on or after 1 January 2024. The Group is in the process of assessing the potential exposure arising from Pillar 2 legislation.

The assessment of the potential Pillar 2 tax exposure is based on the most recent tax returns, country-by-country reports and financial statements of the entities forming the Group.

Based on the assessment performed so far, the Group has identified a potential Pillar 2 tax exposure on profits earned in Georgia, where the expected effective Pillar 2 tax rate is likely to be lower than 15%. The potential exposure would arise from entities, mainly operating subsidiaries, in these jurisdictions where the effective Pillar 2 tax rate is lower than 15%. However, exposure may also exist in other jurisdictions where assessment is ongoing.

However, the total profit attributable to jurisdictions for which there could be a liability to pay a supplementary tax currently represents no more than 9% of the Group's total profit. Accordingly, we believe that the implementation of Pillar II regulations should not have a material effect on the Group's future taxation.

f) Tax losses and deductions pending application

The FCC Aqualia Group has capitalised tax losses amounting to Euros 6,772 thousand at 31 December 2023 (7,390 at 31 December 2022) 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 the losses obtained by the holding company of the holding in Severomoravske Vodovody a Kanalizace Ostrava.

During the period of preparation of these annual accounts, we have learned of the ruling of our Constitutional Court which has deemed Royal Decree-Law 3/2016 to be partially unconstitutional. In particular, the precepts introduced by the aforementioned regulation to limit the offsetting of tax losses from previous years and to limit the application of deductions for double taxation are considered unconstitutional. As a result, and insofar as, at the date of preparation of these annual accounts, there is no evidence of the passage of a law reintroducing the aforementioned limits, the Group's management has considered that, in the coming years, only the limits on the offsetting of tax losses provided for in current legislation, equivalent to 70% of the taxable income prior to offsetting, will be applicable. Taking into account this regulatory change and the profit projections made, it is estimated that the tax group headed by FCC Aqualia, S.A. will be able to substantially absorb the tax loss carryforwards recognised in the balance sheet within an estimated period of 4 years. With respect to the remaining deferred assets, it is estimated that they can be substantially recovered over a period of 5 years. In the hypothetical case of the reintroduction of the limits on the offsetting of tax losses annulled by our constitutional court, the period of recoverability of these tax credits would be extended to 10 years.

The Group has no tax credits relating to tax loss carryforwards that have not been capitalised in the financial statements.

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(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 consolidated financial statements, as the Company belongs 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.

21. GUARANTEES GIVEN TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2023, 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 Euros 285,527 thousand (Euros 262,865 thousand at 31 December 2022).

In addition, the Parent Company has provided guarantees in the financing obtained by its subsidiary FCC Aqualia USA Corp amounting to USD 95 million and maturing in December 2024, which was used for the acquisition of Municipal District Services LLC (see note 2.e).

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 recognised (see note 17), 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 10, 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.

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22. 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 13).

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

	2023	2022
Supply	757.816	680.306
Sanitation	227.886	197.374
Debugging	156.033	157.071
Hydraulic works	210.396	172.218
Desalination	90.308	85.098
Other income	44.964	31.088
	1.487.403	1.323.155

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.

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

	2023	2022
Spain		
Andalusia	249.830	244.159
Aragon	13.853	11.476
Asturias	37.111	32.320
Balearic Islands	41.059	37.979
Canary Islands	76.945	62.848
Cantabria	25.656	23.514
Castilla La Mancha	85.220	78.120
Castilla y León	50.863	48.930
Catalonia	65.672	68.054
Valencian Community	46.516	42.483
Extremadura	46.673	43.945
Galicia	76.181	74.656
Madrid	47.196	42.486
Murcia	35.807	33.073
Navarre	3.058	3.351
Basque Country	4.252	2.928
La Rioja	7.441	6.016
Melilla	5.837	5.063
Total Spain	919.170	861.401
International		
Saudi Arabia	55.149	32.956
Algeria	48.413	41.739
Chile	758	686
Colombia	64.953	30.462
Egypt	6.262	21.843
United Arab Emirates	16.752	15.639
France	34.199	26.525
Georgia	79.240	65.292
Italy	59.661	50.876
Mexico	25.565	17.170
Montenegro	-	(358)
Oman	514	725
Portugal	15.639	14.905
Qatar	7.577	17.791
Czech Republic	148.048	120.364
Romania	5.502	4.734
Tunisia	-	405
Total International	568.232	461.754
	1.487.402	1.323.155

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

	2023	2022
Income from operating subsidies (Note 19)	30.381	29.237
Income from miscellaneous services	16.074	13.167
Excess provisions for liabilities and charges and others	3.041	21.016
	49.496	63.420

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Procurement

The composition of the balance of Procurements is as follows:

	2023	2022
Work carried out by subcontractors and other companies	202.490	165.407
Purchasing and procurement	380.621	371.144
	583.111	536.551

Staff costs

The following is a breakdown of staff costs:

	2023	2022
Wages and salaries	289.012	256.570
Social Security	87.093	77.703
Other staff costs	12.737	10.830
	388.842	345.103

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

CATEGORIES	No. of employees		Men		Women	
	2023	2022	2023	2022	2023	2022
Executives and managers	134	141	124	127	10	14
Controls	1.681	1.375	1.281	1.066	400	309
Technicians	2.211	2.516	1.392	1.760	819	756
Administrative	1.256	1.195	352	311	904	884
Various trades	7.946	6.860	7.480	6.492	466	368
	13.228	12.087	10.629	9.756	2.599	2.331

The Group employs 14,069 employees at year-end 2023 (12,672 employees at year-end 2022), broken down by category and gender, as follows:

CATEGORIES	No. of employees		Men		Women	
	2023	2022	2023	2022	2023	2022
Executives and managers	143	147	130	133	13	14
Controls	1.790	1.477	1.354	1.130	436	347
Technicians	2.351	2.545	1.479	1.756	872	789
Administrative	1.336	1.233	362	317	974	916
Various trades	8.449	7.270	7.919	6.876	530	394
	14.069	12.672	11.244	10.212	2.825	2.460

As at 31 December 2023, the Group has 132 employees with a disability of 33% or more (133 employees as at 31 December 2022).

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Other operating expenses

Details of other operating expenses are shown below:

	2023	2022
External services	182.105	161.405
Tributes	12.416	12.614
Losses, impairment and change in provisions for trading operations	15.162	9.970
Other current administrative expenditure	6.236	8.669
	215.919	192.658

Financial income and expenses

The composition of financial income is as follows:

	2023	2022
Income from holdings in equity instruments of third parties	36	36
Interest on loans to FCC group companies	31.054	30.504
Interest on receivables from third parties	8.426	8.907
	39.516	39.447

Financial expenses

The composition of financial expenses is as follows:

	2023	2022
Interest on bonds, debentures and other marketable securities	17.458	30.859
Interest on debts owed to third parties	62.457	21.048
Interest on debts owed to group companies IFRS 16	21	29
Interest on debts owed to third parties IFRS 16	1.825	1.586
Financial update of provisions	9.632	5.701
TOTAL	91.393	59.223

23. 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.

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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 16), cash and cash equivalents (Note 14) and shareholders' equity, which includes capital, reserves and retained earnings, as discussed in Note 15.

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 the significance of this risk, 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 2023, the net financial debt of the FCC Aqualia Group amounts to 862,958 thousand euros (831,418 thousand euros at 31 December 2022), as shown in the following table, which represents 84% (85% in 2022) of equity at that date:

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	2023	2022
Amounts owed to credit institutions (note 16)	1.281.210	1.202.956
Bonds and other marketable securities (note 16)	658.345	657.975
Other interest-bearing financial debts	90.482	87.864
Other current financial assets (note 11)	(68.024)	(64.492)
Other non-current financial assets (note 11)	(806.479)	(806.479)
Cash and cash equivalents (note 14)	(292.575)	(246.406)
Net financial indebtedness	862.959	831.418

Liquidity risk

In 2022, the Company signed a syndicated loan in the 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 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.

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 2023 and 2022, the FCC Aqualia Group has contracted the following interest rate hedges that meet the conditions for cash flow hedges:

	Fair value 2023	Notional 2023	Fair value 2022	Notional 2022	Expiration
Fully consolidated companies					
Aquajerez S.L.	2.472	39.334	3.676	39.334	2031
Aquos el Realito, S.A. de C.V.	1.036	42.490	988	38.146	2025
Qatarat Saquia Desalination Ltd.	107	17.218	(584)	17.721	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

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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.

In the year 2022, the Parent Company granted a loan to its Czech subsidiary in Czech koruna whose exchange rate effect is adjusted to 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.

24. TRANSACTIONS WITH DIRECTORS, MANAGEMENT TEAM OF THE COMPANY AND RELATED PARTIES

Board of Directors.

As at 31 December 2023 and 2022, 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 2023 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 as salaries in the financial year 2023 amounts to 4,531 thousand euros (5,046 thousand euros in 2022). The management team consists of 16 people in 2023, two fewer than in 2022.

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

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

	2023	2022
AGUAS DE ARCHIDONA, S.L.	377	395
AGUAS DE GUADIX, S.A.	41	31
AGUAS DE LANGREO, S.L.	815	668
AGUAS DE NARIXA, S.A.	69	72
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	1.673	1.469
AIE COSTA TROPICAL DE GRANADA	524	642
AIGÜES DEL SEGARRA GARRIGUES, S.A.	23	21
AIGUES DEL VENDRELL S.A.	78	53
CIA. DE SERV. MEDIOAMBIEN. DO ATLANTICO S.A.	65	67
CODEUR, S.A.	92	39
CONCESIO. DESALACION DE IBIZA, S.A.	102	77
CONST.DE INFRAEST.DE AGUAS POTOSI, SACV	2.200	1.975
CONSTRUCTORA INFRAEST. DE AGUA QUERETARO SA DE CV	58	52
EMP. MIXTA MUNICIPAL DE AGUAS DE NIJAR	4.975	2.810
EMP.MIXTA DE AGUAS DE JODAR, S.A.	1.017	875
EMP.MUNICIPAL AGUAS DE LINARES	3.950	3.538
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	14.531	14.868
EMPRESA MIXTA DE AGUAS DE UBRIQUE, S.A.	456	375
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	86	50
EMPRESA MPAL. AGUAS DE BENALMADENA, S.A.	1.076	474
MUNICIPAL COMPANY AGUAS DE TOXIRIA, S.A.	899	891
FAST CONSORTIUM LIMITED LLC	2.849	3.804
FCC CONSTRUCCION S.A.	3.228	2.856
FCC INDUSTRIAL AND ENERGY INFRASTRUCTURE	15	11
FCC, S.A.	134	154
FCC MEDIO AMBIENTE S.A.	21	39
FEDEMES, S.L.	-	14
GESTION Y VALOR INT.CENTRO, S.L.	1	1
GIRONA, S.A.	4	-
HA PROYECTOS ESPECIALES HIDRAULICOS S.R.L. DE CV.	1.014	910
MATINSA S.A.	2	9
NUEVA SOCIEDAD DE AGUAS DE IBIZA, S.A.	1	1
OMAN SUSTAINABLE WATER SERVICES SAOC	290	177
ORASQUALIA DEVEL.WASTE T.P. S.A.E.	16	72
ORASQUALIA O&M	7	63
	40.689	37.553

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

	2023	2022
AGUAS DE ARCHIDONA, S.L.	1	3
AGUAS DE DENIA, S.A.	26	376
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	(5)	7
AIE COSTA TROPICAL DE GRANADA	-	9
ARIDOS DE MELO, S.L.	16	7
ASESORIA FINANCIERA Y DE GESTION, S.A.	123	79
CONST.DE INFRAEST.DE AGUAS POTOSI, SACV	466	763
CONSTRUCTORA INFRAEST. DE AGUA QUERETARO S.A. DE C.V.	10	9
ECOACTIVA DE MEDIO AMBIENTE, S.A.	-	3
EMP. MIXTA MUNICIPAL DE AGUAS DE NIJAR	131	122
EMP.MUNICIPAL AGUAS DE LINARES S.A.	25	16
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	4.010	6.644
EMPRESA MIXTA DE AGUAS DE UBRIQUE, S.A.	5	1
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	18	6
FAST CONSORTIUM LIMITED LLC	(7)	-
FCC AMBITO S.A.	4	8
FCC CONSTRUCTION INC	6	7
FCC CONSTRUCCION, S.A.	5.646	8.992
FCC INDUSTRIAL E INFRAESTRUCTURAS ENERGÉTICAS S.L.U.	271	225
FCC, S.A.	3.894	4.009
FCC MEDIO AMBIENTE, S.A.	188	254
FEDEMES, S.L.	829	850
GAMASUR CAMPO DE GIBRALTAR, S.L.	8	16
GESTION Y VALOR INT.CENTRO, S.L.	-	1
HA PROYECTOS ESPECIALES HIDRAULICOS S.R.L. DE CV.	2.970	2.667
HORMIGONES Y MORTEROS PREP, S.A. UNIPERSONAL	1	1
MATINSA S.A.	-	2
NUEVA SOCIEDAD DE AGUAS DE IBIZA, S.A.	-	1
OPERATIONS AND SER. IND. CONSTRUCCION S.A.DE C.V.	122	109
ORASQUALIA O&M	519	283
PREFABRICADOS DELTA S.A.U.	5	-
PROVEIMENTS D'AIGUA, S.A.	1	8
SERVICIOS DOS REIS, S.A. DE C.V.	55	49
SERVICIOS ESPECIALES DE LIMPIEZA, S.A.	3	3
	19.341	25.530

c) Non-current loans to FCC Group companies

	2023	2022
FCC, S.A.	806.479	806.479
	806.479	806.479

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

Short-term receivables from companies accounted for using the equity method	2023	2022
AGUAS DE ARCHIDONA, S.L.	29	28
AGUAS DE LANGREO, S.L.	732	732
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	1.920	965
AIGÜES DEL VENDRELL S.A.	307	305
CIA. DE SERV. MEDIOAMBIEN. DO ATLANTICO	0	2
CONST.DE INFRAEST.DE AGUAS POTOSI, SACV	369	331
EMP. MIXTA MUNICIPAL DE AGUAS DE NIJAR S.A.	589	412
EMP.MIXTA DE AGUAS DE JODAR, S.A.	116	89
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	670	581
EMPRESA MPAL. AGUAS DE BENALMADENA, S.A.	823	802
MUNICIPAL COMPANY AGUAS DE TOXIRIA, S.A.	365	72
OMAN SUSTAINABLE WATER SERVICES SAOC	-	9
	5.920	4.328

Short-term loans to FCC Group companies	2023	2022
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	10	22
AIE COSTA TROPICAL DE GRANADA	27	24
CIA. DE SERV. MEDIOAMBIEN. DO ATLANTICO S.A.	-	12
EMP. MIXTA MUNICIPAL DE AGUAS DE NIJAR S.A.	21	-
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	3	3
FCC CONSTRUCCION SA	5.311	3.526
FOMENTO DE CONSTRUCCIONES Y CONTRATAS S.A.	2.466	2.472
FCC MEDIO AMBIENTE S.A.	1	26
MANTINSA S.A.	5	12
OMAN SUSTAINABLE WATER SERVICES SAOC	8	8
	7.852	6.105

Dividend receivable from companies accounted for using the equity method	2023	2022
AGUAS DE GUADIX, S.A.	164	135
CODEUR, S.A.	93	-
EMP.MUNICIPAL AGUAS DE LINARES S.A.	-	143
ORASQUALIA CONSTRUCTION SAE	110	141
ORASQUALIA DEVEL.WASTE T.P. S.A.E.	175	236
ORASQUALIA O&M	-	337
	542	992

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

	2023	2022
AGUAS DE ARCHIDONA, S.L.	2	6
AIGÜES DEL VENDRELL S.A.	6	15
AUGAS MUNICIPAIS DE ARTEIXO, S.A.	1	1
CONSTRUCTORA INFRAEST. DE AGUA QUERETARO S.A. DE C.V.	12	12
EMP.MIXTA DE AGUAS DE JODAR, S.A.	467	273
EMP.MUNICIPAL AGUAS DE LINARES S.A.	54	-
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	119	187
EMPRESA MIXTA DE AGUAS DE UBRIQUE, S.A.	366	540
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	-	2
MUNICIPAL COMPANY AGUAS DE TOXIRIA, S.A.	-	5
FCC CONSTRUCCION, S.A.	62	62
FCC INDUSTRIAL AND ENERGY INFRASTRUCTURE	69	68
FOMENTO DE CONSTRUCCIONES Y CONTRATAS S.A.	773	636
FCC MEDIO AMBIENTE S.A.	324	262
PROACTIVE GROUP	13	13
OMAN SUSTAINABLE WATER SERVICES SAOC	6	-
ORASQUALIA O&M	-	151
SISTEMAS Y VEHICULOS DE ALTA TECNOLOGIA, S.A.	47	47
	2.321	2.280

f) Dividend payable

	2023	2022
FOMENTO DE CONSTRUCCIONES Y CONTRATAS S.A.	12.485	-
FCC MIDCO, S.A.	3.045	-
FCC Group	15.530	-
GLOBAL INFRACO SPAIN S.L.U.	14.920	
REST	210	367
Non FCC Group	15.130	367
	30.660	367

g) Turnover

	2023	2022
AGUAS DE ARCHIDONA, S.L.	574	592
AGUAS DE GUADIX, S.A.	114	141
AGUAS DE LANGREO, S.L.	300	250
AGUAS DE NARIXA, S.A.	441	355
AGUAS DE PRIEGO, S.L.	-	105
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	5.682	5.267
AIE COSTA TROPICAL DE GRANADA	499	605
AIGÜES DEL SEGARRA GARRIGUES, S.A.	92	96
AIGUES DEL VENDRELL S.A.	494	466
CIA. DE SERVICIOS MEDIOAMBIENTALES DO ATLANTICO, S.A.	195	184
CODEUR, S.A.	137	84
CONCESSIONARIA DESALACION DE IBIZA, S.A.	476	370
EMP. MIXTA MUNICIPAL DE AGUAS DE NIJAR, S.A.	4.514	4.360

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	2023	2022
EMPRESA MIXTA DE AGUAS DE JODAR, S.A.	639	686
EMP.MUNICIPAL AGUAS DE LINARES, S.A.	4.477	4.365
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	11.813	11.003
EMPRESA MIXTA DE AGUAS DE UBRIQUE, S.A.	1.234	1.035
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	55	42
EMPRESA MPAL. AGUAS DE BENALMADENA, S.A.	2.589	2.136
MUNICIPAL COMPANY AGUAS DE TOXIRIA, S.A.	1.042	1.002
FAST CONSTRUCTION, LLC	4.691	1.219
FCC CONSTRUCCION, S.A.	3	170
FCC, S.A.	6	(1)
FCC MEDIO AMBIENTE, S.A.	83	65
GIRONA, S.A.	27	24
HA PROYECTOS ESPECIALES HIDRAULICOS S.R.L. DE CV.	-	520
MATINSA, S.A.	5	28
NUEVA SOCIEDAD DE AGUAS DE IBIZA, S.A.	2	2
OMAN SUSTAINABLE WATER SERVICES SAOC	514	566
ORASQUALIA DEVEL.WASTE T.P. S.A.E.	96	96
ORASQUALIA O&M	69	69
SHARIKET MIYEH RAS DJINET, S.P.A.	6.344	4.984
	47.207	40.886

The turnover with Fast Construction LLC originates from the works and works carried out for the Riyadh Metro (Saudi Arabia).

h) Purchases and other supplies

	2023	2022
AGUAS DE NARIXA, S.A.	1	1
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	24	45
AIGUES DEL VENDRELL S.A.	-	-
ARIDOS DE MELO S.L.	153	98
CEMENTOS PORTLAND VALDERRIVAS, S.A.	-	3
CONST.DE INFRAEST.DE AGUAS POTOSI, SACV	1.956	3.165
ECOACTIVA DE MEDIO AMBIENTE, S.A.	1	1
MIXED MUNICIPAL WATER COMPANY OF NIJAR	988	993
EMP.MIXTA DE AGUAS DE JODAR, S.A.	27	-
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	2.030	2.074
EMPRESA MUNICIPAL DE AGUAS DE TOXIRIA, S.A.	61	(9)
FCC AMBITO, S.A.	4	3
FCC CONSTRUCCION S.A.	4	-
FCC INDUSTRIAL E INF. ENERGETICAS, S.A.	6	60
FCC, S.A.	31	27
GESTION Y VALOR INT.CENTRO, S.L.	1	1
HORMIGONES DELFIN, S.A.	2	1
HORMIGONES REINARES, S.A.	3	2
HANDLING AND RECOVERY. MAREPA, S.A	-	1
NUEVA SOCIEDAD DE AGUAS DE IBIZA, S.A.	66	85
DELTA PREFABRICATED PRODUCTS	20	9
PROVEIMENTS D'AIGUA, S.A.	7	7
SISTEMAS Y VEHICULOS DE ALTA TECNOLOGIA, S.A.	1	-
	5.386	6.567

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i) Work carried out by other companies

	2023	2022
AIE COSTA TROPICAL DE GRANADA	-	(2)
ARIDOS DE MELO, S.L.	97	98
ECOACTIVA DE MEDIO AMBIENTE, S.A.	14	12
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	100	60
FCC AMBITO, S.A.	100	102
FCC CONSTRUCCION, S.A.	242	455
FCC SERVICIOS INDUSTRIALES Y ENERGÉTICOS, S.A.	766	1.206
FCC, S.A.	4	1
FCC MEDIO AMBIENTE, S.A.	18	32
GAMASUR GIBRALTAR, S.L.	73	51
GESTION Y VALOR INT.CENTRO, S.L.	-	1
HANDLING AND RECOVERY. MAREPA, S.A.	-	1
OPERADORA EL REALITO S.A. DE C.V.	-	45
ORASQUALIA O&M	452	196
PROVEIMENTS D'AIGUA, S.A.	4	6
TRATAMIENTOS Y RECUPER. INDUSTRIALES S.A.	468	124
	2.338	2.388

j) Other operating expenses

	2023	2022
AGUAS DE ARCHIDONA, S.L.	1	1
AGUAS DE DENIA, S.A.	256	256
AIE COSTA TROPICAL DE GRANADA	-9	12
AIGÜES DEL VENDRELL	18	17
CEMENTOS PORTLAND VALDERRIVAS, S.A.	0	1
EMP.MIXTA DE AGUAS DE JODAR, S.A.	3	2
EMP.MUNICIPAL AGUAS DE LINARES S.A.	21	16
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	107	95
EMPRESA MIXTA DE AGUAS DE UBRIQUE, S.A.	8	4
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	1	-
FCC AMBITO, S.A.	7	2
FCC CONSTRUCCION, S.A.	-453	4.990
FCC CONSTRUCTION INC	58	50
FCC EQUAL CEE, S.L.	0	4
FCC INDUSTRIAL E INFRAESTRUCTURAS ENERGÉTICAS, S.A.	44	32
FCC, S.A.	22.579	20.779
FCC MEDIO AMBIENTE, S.A.	66	55
FEDEMES, S.L.	5.134	4.623
GESTION Y VALOR INT.CENTRO, S.L.	0	1
PROVEIMENTS D'AIGUA, S.A.	28	27
SERVICIOS ESPECIALES DE LIMPIEZA, S.A.	5	3
	27.874	30.970

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k) Financial income

	2023	2022
AGUAS DE ARCHIDONA, S.L.	27	26
AGUAS DE LANGREO, S.L.	131	148
AGUAS DE NARIXA, S.A.	0	118
AGUAS DE PRIEGO, S.L.	0	76
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	613	674
AIE COSTA TROPICAL DE GRANADA	742	-
AIGÜES DEL VENDRELL S.A.	253	259
EMPRESA MUNICIPAL DE AGUAS DE NIJAR, S.A.	92	33
EMPRESA MIXTA DE AGUAS DE JODAR, S.A.	55	59
ALGECIRAS MUNICIPAL WATER COMPANY	46	56
MUNICIPAL WATER COMPANY OF BENALMADENA,S.A.	54	22
MUNICIPAL COMPANY AGUAS DE TOXIRIA, S.A.	13	4
FCC, S.A.	29.028	29.028
	31.054	30.503

(k) Financial charges

In 2023 and 2022, financial expenses with FCC Group companies are entirely with FCC, S.A. due to the effect of IFRS 16.

25. 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:

	2023			2022		
	Lead Auditor	Other auditors	Total	Lead Auditor	Other auditors	Total
Audit Services	695	345	1.040	695	322	1.017
Other Verification Services	25	200	225	32	141	173
Total	720	545	1.265	727	463	1.190
Tax Advisory Services	-	166	166	-	368	368
Other services	-	111	111	-	179	179
Total professional services	-	277	277	-	547	547
TOTAL	720	822	1.542	727	1.010	1.737

26. EARNINGS PER SHARE AND OTHER INFORMATION

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

	2023	2022
Net profit for the year attributable to the Parent Company (Thousands of euros)	110.720	135.182

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Weighted average number of shares outstanding	145.000	145.000
Basic result per share (euros)	0,76	0,93

1. 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.

	2023 Days	2022 Days
Average supplier payment period	63	60
Ratio of paid transactions	62	59
Ratio of transactions outstanding	73	64

	Amount	Amount
Total outstanding payments	55.389	75.201

	Amount	Amount
Total payments made	513.928	508.383
Total payments made in a period shorter than the maximum period established in the late payment regulations	271.488	294.803
of payments below this maximum as % of total payments made	53%	58%

	Number	Number
Total number of invoices paid in the period	270.663	238.471
Number of invoices paid in a period shorter than the maximum period established in the late payment regulations.	158.272	124.052
% of total invoices	58%	52%

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27. ENVIRONMENTAL INFORMATION

Aqualia continues to work on the development and implementation of an Integrated Management System, which will allow:

- Ensure compliance with all applicable contractual and legal requirements.
- To have information and indicators that ensure the effectiveness and efficiency of Aqualia's processes.
- Enable continuous improvement, through Management System objectives and Committees.

To this end, in 2023, in relation to the Carbon Footprint, work has been carried out on calculation, verification, reduction and compensation actions:

- Carbon Footprint Calculation, Reduction and Offset Project (Lleida) (2022-2024): Established a Reduction Plan for the period 2023 - 2024; reached a 0 footprint for scope 2, through the consumption of electrical energy with GdO origin; in analysis a Compensation Plan, with the aim of compensating 100% of scope 1.
- Aqualia España's GHG (Greenhouse Gas) Reduction Plan for the period 2020 - 2023.
- Certificate "CALCULO+REDUZCO" 2022 from the HC OECC Registry of the Spanish MITERD.
- Hellín Forest Project: analysis of a compensation project through the planting of a 1.5 ha forest at the Hellín WWTP.

27.1. Energy management

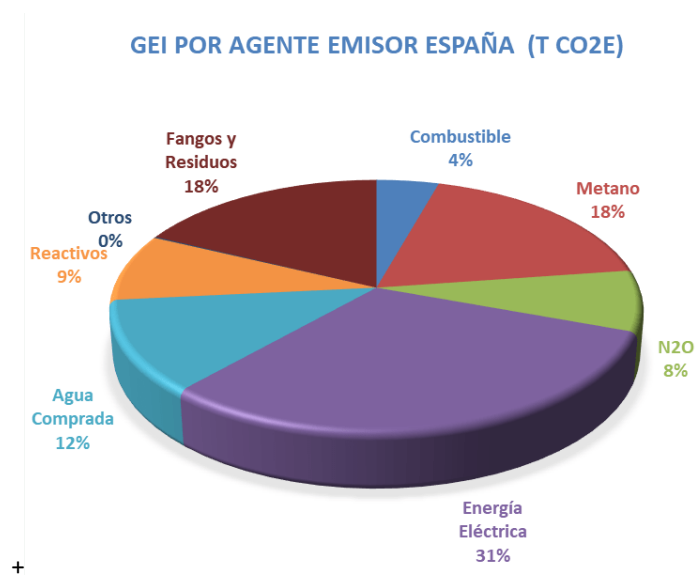
As part of its commitment to contribute to environmental sustainability, Aqualia has been implementing strategic measures to control and reduce Greenhouse Gas (GHG) emissions.

The balance sheet report for the year 2023 concisely presents these emissions, detailing their origin in various processes, as reflected in the table below:

	t CO2	t CH4	t N2O	GHG (t CO2e)	%
SUPPLY	121.054	0	0	121.110	40,7%
SEWERAGE	9.915	0	0	9.935	3,3%
DEPURATION	95.367	1.789	81	166.866	56,0%
VARIOUS	0	0	0	0	0,0%
TOTAL	226.336	1.789	81	297.911	

By issuing agent, the following graph shows the percentage impact of each of them:

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The pie chart shows that the largest emitter in the company's activity is electricity consumption, accounting for approximately 31% of total emissions. Other significant emissions are linked to wastewater management, either as inherent to the infrastructure managed or dependent on the volume and pollution at the entrance to the facility. In this context, the effective reduction of these emissions is practically a challenge beyond the company's reach.

Consequently, Aqualia's strategic plans for the control and reduction of GHG emissions have focused mainly, although not exclusively, on reducing those derived from electricity consumption. These key initiatives include:

- Reduction of electricity consumption through substantial improvements in the energy efficiency of managed systems.
- Reduction of the emission factor associated with the energy consumed.

27.1.1. Energy efficiency improvement plan

The plan is developed under the ISO 50001-Energy Management Systems standard, which Aqualia has had in place since 2016.

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.

The monitoring of the proposed improvements and their implementation is carried out by means of an IT tool, included in the technical *reporting* platform, *Aqualia RT-BI*.

During 2023, these audits have been extended to the new contracts in Georgia and Colombia, starting with the training of technical staff in these countries, which in Georgia have already reported the results of the first phase of the audit, with proposals for the renovation or improvement of several facilities. These proposals are being incorporated into the Master Infrastructure Plan that the company is drafting for those contracts.

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The main objectives related to the reduction of energy consumption are set by the commitments of the Sustainability Plan undertaken by the company:

- PI.1 "By 2023, =<27% of the volume of unregistered water divided by the total volume of water introduced into the distribution network (contracts older than 5 years)".
- PI.2 "By 2023, =<12. Volume of unregistered water per kilometre of network per day (contracts older than 5 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)".

27.2. Reduction of the emission factor of the electricity consumed

As is well known, the emission factor refers to the amount of greenhouse gas emissions released into the atmosphere per unit of activity or unit of production.

This factor is typically expressed in terms of carbon dioxide equivalent emissions (CO₂ e), which is a standardised measure that combines the emissions of different greenhouse gases in terms of the global warming potential of CO₂. Therefore, decreasing this factor for energy consumed leads to a reduction of emissions from energy consumption.

The company's way of reducing the emission factor of the electricity consumed is through the use of renewables.

The commitments set out in the company's Sustainability Plan include:

- 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)".

Currently, the objective is close, thanks to the installation of plants for self-consumption, the use of the biogas resulting from the digestion of sewage sludge for electricity generation, also for self-consumption of the plants themselves, cogeneration systems, hydraulic generation, etc.

By 2024, 34 MW of photovoltaic solar energy is expected to be commissioned in various projects, mainly in Spain.

Another source of renewable energy supply is the purchase of green energy through PPA (*Power Purchase Agreement*). Since 2020, 76GWh/year of electricity from photovoltaic plants has been purchased through this model, and since October 2023 a new contract for 75GWh/year of electricity, also from photovoltaic plants, has been incorporated.

The company's energy mix for 2023 is shown in the graph below:

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ENERGÍA ELÉCTRICA 2023 ESPAÑA



28. EVENTS AFTER THE END OF THE FINANCIAL YEAR

Subsequent to the closing date of these consolidated financial statements, on 20 February 2024, the ruling of the Spanish Constitutional Court was published in the Official State Gazette, which deemed Royal Decree-Law 3/2016 to be partially unconstitutional.

The FCC Aqualia Group has calculated the impact that the application of this ruling would have on the consolidated financial statements and has found that it has no significant effect on them.

29. 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.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 29). In the event of a discrepancy, the Spanish language version prevails.

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	99,562%	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%	BDO
Aguas De Aracataca S.A.S. Calle 7, 2-12 Aracataca - COLOMBIA	95,00%	BDO
Aguas De La Península S.A. E.S.P. Calle 10A 9-05 Maicao - COLOMBIA	100,00%	BDO
Aguas De La Sabana de Bogotá S.A. E.S.P. Autopista Medellín Km 3.9 Cota, Cundinamarca - COLOMBIA	79,80%	BDO
Aguas Del Sur Del Atlántico S.A. E.S.P. Carrera 53 80-198 Barranquilla - COLOMBIA	100,00%	BDO
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%	BDO
Aqualia Desalación Guaymas, S.A. de C.V. Avenida 5 de febrero N° 1351, ROBLE 304 - Querétaro - MEXICO	100,00%	EY
Aqualia Infraestructuras D.O.O. Beograd-Vracar Resavska 23 Belgrade Vracar - Belgrade-SERBIA	100,00%	-
Aqualia Infraestructuras Montenegro Bulevar Svetog Petra Centinjskog 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%	EY
Aqualia Georgia LLC Lit. A, Floor 3, 10 Medea (Mzia) Jugheli Street, Mtatsminda District,Tbilisi - GEORGIA	100,00%	EY
Aqualia MACE LLC P.O. Box 105547 - Abu Dhabi, U.A.E.	51,00%	BAKER & TILLY
Aqualia Riohacha S.A.S. E.S.P. Carrera 11 82 - Bogotá - COLOMBIA	51,00%	BDO
Aqualiportugal S.A. Camilo Castelo Branco 2. Lisboa-PORTUGAL	100,00%	EY
AquaElvas - Aguas de Elvas, S.A. Rua Paco Bandeira, 14 - Assuncao - Elvas - PORTUGAL	100,00%	EY
Aquamaior - Aguas de Campo Maior, S.A. Rua Mayor Talaya, 28 - Nossa Senhora de Expectaçao - 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%	CAPITAL AUDITORS
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%	BAKER & TILLY
Aqualia France, S.A.S.	100,00%	SNR AUDIT

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

SOCIETY	% GROUP SHARE	AUDITOR
Quai De L'Oise 28 - ANDRESY (FRANCE)		
Aqualia Intech, S.A. Avda. Camino de Santiago, 40 - MADRID	100,00%	EY
Aqualia Infrastructures Inzenyring, s.r.o. Mariennské Hory, Slavnikovcu 571/21 Ostrava - CZECH REPUBLIC	100,00%	CMC AUDIT
Aqualia Infrastructures Mostar Dr. Ante Estarccevic BB - MOSTAR (SERBIA)	100,00%	-
Aqualia Latinoamérica, S.A. CL 80, 11. Bogotá-COLOMBIA	100,00%	BDO
Aqualia Villa del Rosario, S.A. CL 4 , La Palmita 6-104. Villa Rosario-COLOMBIA	100,00%	BDO
Aqualia México, S.A. de C.V. Carrizal, 33 - Santiago de Queretaro - Queretaro - MEXICO	100,00%	EY
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%	BDO
Aquos El Realito, S.A. de C.V. San Luis Potosí (MEXICO)	51,00%	EY
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 Armoricaine Des Eaux Rue Lucien Rosengart 1, Plérin - FRANCE	100,00%	SNR AUDIT
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%	H&CO
Flores, Rebollo y Morales, S.L. Ctra Águilas 6, Buganvillas-VERA (ALMERÍA)	60,00%	-
Gardabani Sewage Treatment Plant LLC Lit. A, Floor 3, 10 Medea (Mzia) Jugheli Street, Mtatsminda District,Tbilisi - GEORGIA	80,00%	EY
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%	EY
Georgian Energy Trading Company LLC Lit. A, Floor 3, 10 Medea (Mzia) Jugheli Street, Mtatsminda District,Tbilisi - GEORGIA	80,00%	EY

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

SOCIETY	% GROUP SHARE	AUDITOR
Georgian Engineering And Management Company LLC Lit. A, Floor 3, 10 Medea (Mzia) Jugheli Street, Mtatsminda District, Tbilisi - GEORGIA	80,00%	EY
Georgian Water And Power LLC Lit. A, Floor 3, 10 Medea (Mzia) Jugheli Street, Mtatsminda District, Tbilisi - GEORGIA	80,00%	EY
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%	EY
Municipal District Services, LLC 406 W Grand Pkwy S 260, Katy, TX 77494, USA	97,00%	-
Naunet S.A.S. Carrera 53 80-198 Barranquilla - COLOMBIA	100,00%	BDO
North Cluster Spv LLC Ali bin Abi Taleb -Burajdah - SAUDI ARABIA	51,00%	EY
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%	EY
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%	EY
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
Societe Des Eaux De Fin D'Oise, S.A.S. Quai De L'Oise 28 - Andresy (FRANCE)	100,00%	SNR AUDIT
Societe Pays de Dreux Rue Madeleine Michelis, 13 Neuilly-sur-Seine (FRANCE)	100,00%	-
South Cluster Spv LLC King Abdulaziz Road, 5080, Abha - SAUDI ARABIA	45,00%	EY
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, Buganvillas-VERA (ALMER�A)	60,00%	-

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ANNEX II

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) JOINT VENTURES (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

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ANNEX III

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

SOCIETY	% SHARE	VNC 2023 (Note 7)	VNC 2022 (Note 7)	AUDITOR
Aguas de Archidona, S.L. Plaza Ochavada, 1 - 29300 Archidona - MALAGA	48,00%	38	65	VACIERO AUDITORES SL
Aguas de Denia, S.A. Pedro Esteve, 17 - Denia (ALICANTE)	33,00%	387	341	KRESTON IBERAUDIT
Aguas de Guadix, S.A. Plaza de la Constitución 1, Guadix (GRANADA)	40,00%	289	245	DELOITTE, S.L.
Aguas de Langreo, S.L. C/Alonso del Riesgo, 3 - Langreo (ASTURIAS)	49,00%	976	829	CAPITAL AUDITORS
Aguas de Narixa, S.A. C/Málaga, 11 - Nerja (MÁLAGA)	50,00%	564	531	CAPITAL AUDITORS
Aguas del Puerto Empresa Municipal, S.A. C/ Aurora 1 - 11500 - EL PUERTO DE SANTA MARÍA (CÁDIZ)	48,98%	3.853	3.965	CAPITAL AUDITORS
Aigües de Blanes, S.A. Canigó, 5. Blanes - GIRONA	16,47%	58	24	CD AUDITORS
Aigües de Girona Salt i Sarrià del Ter Ciudadans, 11 - GIRONA	26,88%	162	162	CATAUDIT AUDITORS ASSOCIATS SL
Aigues Del Vendrell, S.A. Plaza Vella, 1 - El Vendrell (TARRAGONA)	49,00%	233	286	GM AUDITORS SL
Compañía de Servicios Medioamb. do Atlántico, S.A. Carretera de Cedeira, km1 - Narón (LA CORUÑA)	49,00%	240	296	KRESTON IBERAUDIT
Concesionaria de Desalación de Ibiza, S.A. Rotonda de Sta. Eulalia, s/n - Ibiza (BALEARIC ISLANDS)	50,00%	876	832	BDO AUDITORES S.L.
Codeur, S.A. C/ Mayor 22-Vera (ALMERÍA)	28,08%	3.965	6.024	-
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%	224	322	CAPITAL AUDITORS
Empresa mixta de Aguas de Jódar, S.A. Plaza de España, 1- Jódar (JAEN)	49,00%	(21)	18	VACIERO AUDITORES SL
Empresa Municipal de Aguas de Linares, S.A. C/ Cid Campeador, 7 - Linares (JAEN)	49,00%	158	136	VACIERO AUDITORES SL
Empresa Municipal Aguas de Algeciras, S.A. C/Virgen del Carmen, s/n - Algeciras (CÁDIZ)	49,00%	(165)	165	KRESTON IBERAUDIT
Empresa Mixta de Aguas de Ubrique, S.A. C/JUZGADO S/N - 11600 - UBRIQUE (CÁDIZ)	49,00%	32	83	VACIERO AUDITORS
Empresa Municipal Aguas de Benalmádena, S.A. Exp. Ap.Tívoli, s/n - Arroyo de la Miel (MÁLAGA)	50,00%	1.240	1.393	AUDINFOR SL
Empresa Municipal Aguas de Toxiria, S.A.	49,00%	71	94	VACIERO AUDITORES SL

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

SOCIETY	% SHARE	VNC 2023 (Note 7)	VNC 2022 (Note 7)	AUDITOR
Plaza de la Constitución - Torredonjimeno (JAÉN)				
Girona, S.A.	33,61%	1.622	1.613	CATAUDIT AUDITORS
Travesía del Carril, 2 - GERONA				ASSOCIATS SL
HA Proyectos Especiales Hidraulicos S.R.L. de CV	49,50%	1.292	1.160	GRANT THORNTON SC
Neucalpan - MEXICO D.F.				
New Company of Aguas de Ibiza, S.A.	40,00%	105	95	-
C/Bartolomé Rosselló, 18 - (IBIZA)				
Oman Sustainable Water Services SAOC	49,00%	1.666	1.588	-
Batinah Highway 322 - Sohar (OMAN)				
Operadora El Realito S.A. de C.V.	15,00%	383	343	EY
Tomas Alva Edison 176- San Rafael-Distrito Federal (MEXICO)				
Orasqualia Construction, S.A.E.	50,00%	(47)	(62)	GRANT THORTON
2112 South Tower - Cairo (EGYPT)				
Orasqualia Devel. Waste Treatment Plant S.A.E.	27,95%	9.447	10.856	GRANT THORTON
2112 South Tower - Cairo (EGYPT)				
Orasqualia Operation and Maintenance, S.A.E.	50,00%	1.229	1.312	GRANT THORTON
Nile City Towers - Cairo - EGYPT				
Prestadora de Servicios Acueducto El Realito SACV	24,50%	1	1	-
Bvd. Manuel Avila Camacho, 36. MIGUEL HIDALGO (MEXICO)				
Proveïments d'Aigua, S.A.	15,12%	671	644	ANTONI RIERA ECONOMISTES
Asturias, 13 - GIRONA				AUDITORS
Sera.Q.A. Duitama, S.A.	30,60%	35	32	-
(COLOMBIA)				
Suministro de aguas de Querétaro, S.A. de C.V.	1,00%	541	474	DELOITTE MEXICO
Santiago de Querétaro - Querétaro Arteaga (MEXICO)				
		21.734	25.476	

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ANNEX IV

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) TEMPORARY JOINT VENTURES

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 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 Medio ambiente S.A.	50%
UTE Alcantarillado Burgos	FCC Aqualia, S.A. - FCC Medio ambiente 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 Edam Granadilla	FCC Aqualia, S.A. - Satocan S.A.	60%
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 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 Copero Environmental Complex	FCC Aqualia, S.A. - FCC Medio Ambiente S.A.U.- Heliopol S.A.U.	34%
UTE Cons. Gestor Ptar Salitre	Aqualia Intech, S.A. - Cass Construct.s y Cía S.A.- Aktor Thechnical S.A. Col. Branch	30%
UTE Consorcio Louro	FCC Aqualia, S.A.	99%
UTE Consorcio PTAR Arraiján	FCC Aqualia, S.A. - Aqualia Intech, S.A.	100%
UTE Costa Tropical	FCC Aqualia, S.A. - Acciona Agua, S.A.	51%
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%
Aqualia Inima Joint Venture (Western Almeria sewage treatment)	FCC Aqualia, S.A. - Inima, S.A.	75%
UTE Depuración San Roque	Fcc Construccion S.A. - Fcc Aqualia S.A. - Heliopol S.A.U.	30%
UTE Depuradoras Lot 1	FCC Aqualia, S.A. - Barahona Obras Y Serv. S.L	95%
UTE EDAM West	Aqualia Intech, S.A. - FCC Construcción, S.A. - Transformations and Services	50%
UTE EDAM Santa Eulalia	FCC Aqualia, S.A. - Aqualia Intech, S.A.	100%
UTE EDAR A Guarda 2013	FCC Aqualia, S.A. - DEMAIN, S.L	50%
UTE EDAR A Guarda 2022	FCC Aqualia, S.A. - DEMAIN, S.L	50%
UTE Edar Albuñol	FCC Aqualia, S.A. - FCC Construcción, S.A.	50%
UTE EDAR Baeza	Aqualia Intech, S.A. - Explotaciones las Misiones, S.L.- Martín Casillas, S.L.	50%
UTE EDAR San Claudio	Aqualia Intech, S.A.	100%
UTE EDAR Galindo	FCC Aqualia, S.A. - Ansareo saneamiento servi- Altuna y Uría, S.A.	50%
UTE EDAR Gijón	Aqualia Intech, S.A. - FCC Construcción, S.A. - Degremont, S.A.	30%
UTE EDAR La Ranilla	FCC Aqualia, S.A. - Aqualia Intech, S.A.	100%
UTE Estaciones Perales	FCC Aqualia, S.A. - Aqualia Intech, S.A.	100%
UTE Fuentes De Cádiz	FCC Aqualia - FCC S.A.- FCC M.A.	50%

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FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP)
TEMPORARY JOINT VENTURES

DENOMINATION	PARTICIPATING PARTNERS	% GROUP SHARE
UTE Galasa	Trainasa- Seafsa	100%
UTE Garrucha	FCC Aqualia - Talleres y Gruas González	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 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 IDAM Santa Eulalia IV	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%
UTE Lot 1 Sanea Plan	FCC Aqualia, S.A. - FCC Construcción, S.A.	60%
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 Mantenimiento Red Alc. 6	Trainasa- Conservación y Sistemas - FCC Construcción, S.A.	99,99%
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 Qatar	FCC Aqualia- GEC Contracting Services- Power Water Energy	51%
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 Seafsa Lanzarote	Sociedad Española de Aguas Filtradas, S.A. - Jaime and Isaac Rodríguez	60%
UTE Vigo	FCC Aqualia, S.A. - FCC, S.A.	99,99%
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 Tic Lillo	FCC Aqualia, S.A. - FCC Industrial Infraestructura y Energía S.A.U.	99%
UTE TSE Riyadh	FCC Aqualia, S.A. - Alkhorayef Water & Power	51%
UTE Ussa A 17	FCC Aqualia, S.A.	100%
UTE Zafra	FCC Aqualia, S.A. - Magenta Business Group	65%
UTE Zaragoza Sewerage	FCC Aqualia, S.A. - FCC Medio Ambiente S.A.U.	50%

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ANNEX V

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) VARIATIONS IN THE CONSOLIDATION PERIMETER 31-12-2023

DENOMINATION	ADDRESS	% GROUP SHARE
A) Additions to Global Consolidation		
Aqualia Riohacha S.A.S. E.S.P.	COLOMBIA	51,0%
Municipal District Services, LLC	USA	97,0%
North Cluster Spv LLC	SAUDI ARABIA	51,0%
Societe Pays de Dreux	FRANCE	100,0%
B) % change in Global Consolidation		
Aguas Del Sur Del Atlántico S.A. E.S.P.	COLOMBIA	100,0%

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 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.As E.S.P.	COLOMBIA	100,0%
Naunet S.A.S.	COLOMBIA	100,0%
Compagnie Armoricaïne 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 Water Supplies	SPAIN	50%
D) Disposals under the equity method		
Aguas de Priego, S.L.	SPAIN	49%

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MANAGEMENT REPORT 2023

ON CONSOLIDATED FINANCIAL STATEMENTS

AS OF
31/12/2023

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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 legal and regulatory frameworks existing 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 national and regional governments, local corporations and industrial corporations to look for specialised operators to help them provide effective solutions to the problems of water supply, sanitation and wastewater treatment.

Addressing the water challenge is undoubtedly the great challenge facing Aqualia, which in recent years has been facing scenarios of scarce rainfall in the geographies in which it operates, with episodes of particularly persistent drought in Mediterranean areas and Andalusia, accompanied by intense rainfall of dispersed location that, in some cases, have caused flooding with damage to supply infrastructures. 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 the levels of well-being we currently enjoy are to be maintained.

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 an objective of sustainable growth that maintains the criteria of profitability and allows the integration of 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 organic growth in these markets and extend its activity to other European and American countries with consolidated regulatory models. Of note in this regard is the entry into the perimeter of full-cycle management assets in the United States, as a result of the acquisition made at the end of the year.

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 by availability, without assuming demand risk.

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These formulas, which combine technical *know-how* with the ability to design structured 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, America (Mexico, Peru, Chile and the USA) and MENA (Saudi Arabia, Algeria, Egypt, Qatar and the United Arab Emirates).

These two business models, with relevant, high added value and long-lasting investments, 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.

Generally speaking, in these activities, Aqualia competes in projects where either the fundamental competitive factor lies in the technical capacity or 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 **the Americas**, through the consolidation of long-term concession and municipal district contracts, infrastructure concessions or flagship design-build projects.

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

2. MARKET SITUATION

2.1. Domestic market

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During the year 2023, the effects of the Covid-19 pandemic in terms of water consumption have been definitively overcome. Unfortunately, a new crisis of resource availability has appeared, due to the prolonged drought in large parts of Spain. The recovery of economic activity, especially in the services and tourism sectors, has also been affected by the effects of the Ukrainian invasion, especially due to the exorbitant increase in material costs, which have been offset by the drop in energy costs, resulting in a Consumer Price Index (CPI) that has remained high, although it has moderated in relation to the year 2022, ending the year with a year-on-year increase of 3.1% and the underlying CPI of 3.8%.

With regard to the drought, the accumulated water reserve began the year at values of 47% of the available volume of water in reservoirs, reaching 39% in August, with a slight recovery in the last quarter of the year. Overall, reserve values have remained nearly 20 points below the average of the last 10 years. The internal basins of Catalonia, Andalusia and Murcia maintain reserve values below 20%. In these territories, consumption restriction rules have been adopted by lowering supply pressure, night-time cut-offs and severe restrictions on non-priority consumption (swimming pools, irrigation, washing, beaches). In these areas, the volumes billed in the second half of the year have been affected, and are still affected at the beginning of 2024.

The Spanish Government and some Autonomous Regions have approved emergency plans, especially for the construction of new infrastructures such as new deep water catchments, expansion of desalination plants and improvement of surface water use. Of particular note are new desalination projects in Barcelona, Almeria and Malaga, and water reuse in Andalusia and Alicante, valued at a total of 1.4 billion euros, which will be implemented in 2024 and subsequent years. The Spanish Government also approved the third cycle of hydrological planning for all the national basins, for the period ending in 2027, with special attention to maintaining ecological flows and maintaining the quality standards set by the European Directives, with a total budget of 22.8 billion euros for the necessary actions.

The Government of Spain approved the PERTE project for the Digitalisation of the Urban Water Cycle, with 1.6 billion euros in funding from the European Mechanism for Reconstruction and Development. Two calls for tenders were launched during the year, each with a grant of 200 million euros. In the first, Aqualia was awarded the project submitted for the Campo de Gibraltar (Cádiz). We have submitted 13 proposals in different areas of the country for the second call, which we expect to be resolved during the first half of 2024.

With regard to the evolution of electricity costs, Aqualia has maintained a policy of diversification of its suppliers, through the contracting of two PPAs (*Power Purchase Agreement*) and the closure of fixed tariffs in the fixed and futures markets for a high percentage of our CUPs supply points. This has allowed us to depend on the free market (OMIE) for only 17.7%, which has allowed us to maintain an average cost in the year 34% lower than in 2022. On the other hand, the reagents necessary for water treatment rose by 9.4% and the cost of purchasing materials increased by 18% in the year compared to 2022. Likewise, average labour costs in Spain increased by 5.7% in 2023, the highest increase in the last 20 years.

With regard to tariff billing for residential and industrial customers, there has been very irregular behaviour in 2023. In the first half of the year, there was an increase of 2.3% in the volumes billed to low customers, recovering pre-pandemic values. In the third quarter, due to the effect of consumption

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restrictions due to the intensity of the drought, especially in Andalusia and Catalonia, there was a restriction of -2.6% in the average consumption of customers. The average value for the year finally ended with a slight growth compared to 2022 of 0.2%. During 2023, 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 2023 the volumes supplied increased by 6.6% compared to 2022. In any case, this type of supply has little weight in Aqualia's overall business. The aforementioned upstream supplies have benefited in their growth from the prolonged drought in Spain.

A special effort has been made to obtain tariff increases or subsidies to compensate for cost increases and to maintain the profitability levels of previous years, despite the fact that 2023 is an election year in the municipal sphere, which is traditionally accompanied by difficulties in tariff revisions.

In the commercial sphere, 2023 was the year in which Aqualia consolidated its presence in the industrial water sector. The WWTP at the Tarragona Chemical Park built for AITASA, which was inaugurated by the President of the Government of Catalonia, is the largest facility of its kind in Spain.

In the municipal concessions market, new contracts or the renewal and extension of contracts already operated by Aqualia were awarded. The main ones were those of Guía de Isora (Tenerife), Fuente del Maestre (Badajoz), Piloña (Asturias), MANSERMAN Mancomunidad de la Manchuela (Cuenca), La Roda (Albacete), Casas Ibáñez (Albacete), Hellín (Albacete), Ibiza, Sant Andreu de la Barca (Barcelona), Linares (Jaén), Puerto de la Cruz (Tenerife) and Martos (Jaén).

In O&M contracts, of note are the contracts for the operation of the water supply system in the western coastal area of Asturias, the operation and maintenance service for the sewerage network in the municipality of Madrid (Canal de Isabel II) in lots 5 Viveros sub-basin and 6 La Gavia, Sur and Sur Oriental sub-basins; the WWTPs of Plaza, La Muela and Épila and of Caspe, Maella, Calaceite and Mazaleón (Zaragoza); the improvement of sewerage networks managed by CYII in lot 1 (Madrid); technical-sports services at the indoor swimming pools of Travesas, Lavadores, Teis and Valadares de Vigo (Pontevedra); maintenance services for the water supply and sewerage installations of the Mairaga Community (Navarre); maintenance of the WWTPs in the Tudela area (Navarre) and the cleaning and inspection of EMACSA's sewerage networks (Cordoba).

In addition, the main O&M contracts extended or renewed were those for maintenance of the wastewater treatment plants in Castilla-La Mancha, zone 1 (Toledo), maintenance service for the Levinco DWTP in Mieres (Asturias), operation services for the Picadas-Almoguera (Toledo) and Mancomunidad El Girasol (Cuenca) supply systems, Maintenance and breakdown management services for the secondary supply networks of the municipalities in Zones A of the Consorcio de Aguas de Bilbao Bizkaia (Vizcaya), operation and maintenance services for the peripheral sewerage networks managed by Canal de Isabel II in lots 3 Guadarrama, 7 (Jarama,), 4 (Culebro A), 9 (Torrelaguna) and 11 (Santillana); Maintenance service for the wastewater treatment plants of Toledo and Santa María de Benquerencia in Toledo (Toledo); maintenance service for the sewerage network of the city of Zaragoza (Zaragoza) and EMASESA (Seville) and maintenance of the wastewater treatment plants of Chiclana de la Frontera and La Barrosa (Cádiz).

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In terms of EPC activity, the most noteworthy awards include the enlargement works at the San Roque WWTP (Cádiz), the enlargement works at the IDAMs in Fuerteventura, Fonsalía and Granadilla de Abona (Tenerife) and the WWTP for *Fortune Pig* in Mollerusa (Lleida). During the year, construction was completed on the Seville composting plant (Ranilla WWTP), the extension of the Melilla WWTP, and work is nearing completion on the new Vigo DWTP, the Mar de Alborán WWTP (Almería) and the Galindo WWTP (Bilbao).

Aqualia obtained new contracts in Spain in 2023 and renewed services it already operated in a total of 318 contracts. This represents an annual turnover of 241 million euros and a contracted portfolio of 720 million euros. This represents a renewal of 94% of the contracts that expired during the year, which demonstrates the trust and loyalty that Aqualia's customers maintain.

In the institutional and legislative field, it is worth highlighting the holding of municipal, regional and general elections in May and July 2023. There have been many changes in local and regional governments and many delays in the constitution of the new Central Government, which has led to the paralysis of many tendering processes that were underway, as well as the momentum of the EU's Reconstruction Plan.

The meetings of the Urban Water Cycle Committee have been held throughout 2023, with the presence of MITERD, 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 has also amended the Consolidated Text of the Water Law and the Public Hydraulic Domain Regulations. Finally, the Water Laws of Extremadura, Aragon, Castilla la Mancha and Galicia have been revised, with a strong commitment to the regulation of the urban water cycle.

It is a continuous policy of the company to seek efficiency in operational management, highlighting the effort made in 2023 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 eleven 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 billing, increasing the direct debit of bills, controlling bank fees, reducing face-to-face customer service and moving to other channels (telephone, social networks, Internet).

In the field of digitalisation, the technology centres in Denia (Alicante), Oviedo and Toledo have been put into operation, where the *Aqualia Live* integrated 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.

Aqualia has promoted actions in Spain as a socially committed company, with the renewal of the agreements with Caritas, and with the environment, with numerous initiatives aimed at reducing

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greenhouse gas emissions, opting for green energy. Likewise, Aqualia, as a founding member of the *StepbyWater* Alliance, continues to promote the development of its founding objectives, under the chairmanship of Aqualia's CEO.

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2.2. International market

In the international sphere, Aqualia has concentrated its activity in 2023 mainly in Europe, North Africa and the Middle East (MENA) and Latin America (LATAM).

2.2.1. Europe

Developments in Europe in the financial year 2023 were characterised by the following highlights:

- **Moderate reduction in consumption**, due to: a) the effects of the health crisis that began in 2020 and whose consequences, in some regions, still persist, b) public awareness of the need to save water and care for the planet, and c) the sensitivity of demand to the tariff increases suffered due to the rise in operating costs. In this respect, it is worth highlighting the 3.4% reduction in consumption in the Czech Republic and 2% in Italy compared to the previous year.
- **Increases in water and sewerage tariffs**. As a result of inflation due to the global energy crisis caused by the war in Ukraine, the operating costs of water services have risen significantly which, thanks to the resilience of water contracts supported by mature regulatory systems, have translated into parallel increases in tariffs. Thus, the Czech Republic has increased its tariffs by 24.3% and France by 6.7%.
- Member states have adopted **supply-side policies in the face of water scarcity** based on the search for new water resources in desalination and reuse and greater control of groundwater and surface water, as well as **demand-side policies** for leakage reduction, sectorisation and digitalisation through the allocation of European funds.
- The **sustainability plans** for the reduction of the carbon footprint and the circular economy for the use of waste from the sector in new usable resources (reused water, biogas, biofertilisers, renewable energies) promoted by the European Union and the improvement of the quality of distributed and discharged water, have served as a guiding thread for the development of new regulations and the promotion of innovation in treatment technologies.

In the **Czech Republic**, annual inflation has grown in double digits, with the resulting increase in operating costs which, due to the application of the regulatory system, ends up having an impact on the setting of new supply and sanitation tariffs. The rise in prices has not been a barrier to implementing investments in network improvements in order to maintain the high levels of efficiency of their infrastructures.

The strength of the Czech koruna (annual average CZK 24/€) has had a favourable impact on the

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company's consolidated financial statements expressed in its functional currency (euro).

In 2023, the Czech subsidiary SmVak has designed an ambitious Sustainability Plan, aligned with Aqualia's Sustainability Plan, establishing new investments aimed at improving the energy efficiency of existing infrastructures and reducing the system's carbon footprint.

Commercial activity in the country has been intense, especially in the last part of the year, with the tendering of water tenders in major cities in Bohemia with existing private operators such as Příbram and Písek, despite the trend of changing the management model towards direct management. In the geographical area of coverage, Silesia and Moravia, Aqualia, through its Czech subsidiary, was successful in winning tenders in Opava, Třinec, Žabeň, Doubrava, Háj ve Slezsku and Těrlicko.

France continues to be the European country with the most business opportunities for organic growth despite having the world's largest competitors in the sector. Indeed, public tenders for the management of water supply, sanitation and the complete water cycle are proliferating with a French management model with special characteristics (*DSP, Délégation des Services Publiques*) with low investment needs, contract durations of between 6 and 12 years and joint management by municipalities. Although competition is deeply rooted in the territory and margins are narrowing, Aqualia has managed to increase the population served in the country to 920,000 inhabitants, with the Pays de Dreux contracts (first for sanitation and later for distribution) and the renewal of Andresy being the most relevant milestones for 2023. In addition, the Brittany-based management unit continues to expand with the award of new contracts in Iffendic, Lamballe, Theil de Bretagne and Dinan.

All this has contributed to consolidating Aqualia's position as the fourth largest water operator in the country.

In addition to the classical model of water management, scarcity is driving new opportunities. The French Ministry of Ecological Transition took an important step on the road to water security by publishing key legislation on reuse and reinforcing support for industrial efficiency projects. The measures represent the most tangible steps so far towards the goal of increasing reuse nationally to 10% by 2030, set earlier this year in the country's Water Plan, up from 1% today.

All this, together with the French authorities' constant interest in improving the quality of the water supplied through the application of membrane technologies, will lead to new public tenders in concession mode with investments in the improvement and expansion of treatment infrastructures, as in the case of the management of the Paris metropolitan area.

In **Italy**, the concession managed by Aqualia's subsidiary in the country, Acque di Caltanissetta, has successfully implemented its 15.5 million euro project under the REACT-EU funding programme of the Recovery and Resilience Plans, for the installation of new remote metering systems for 90,000 subscribers, the automation and remote control of the installations and the

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improvement of the networks in the Sicilian province.

In addition, Acque di Caltanissetta has received funding from the Sicilian region for two new projects for the Niscemi water network and the sewerage of Manfria for a total of 8.1 million euros. In addition, the Ministry of the Environment and Energy Security has granted funding for three other projects for the improvement of sewerage and wastewater treatment in the municipalities of Delia, Marianopoli and Gela-Manfria for a total amount of 8.3 million euros.

Independently of the above, the relevant milestone of the year was the ruling of the Provincial Court of Appeal of Caltanissetta (*Corte di Appello di Caltanissetta*) in favour of the company in the amount of 10.8 million euros for cost overruns incurred at the beginning of the concession. Compensation has been made for the tariff deficit, subject to the approval of the competent authority and the Italian regulator.

The dominant management model in the Italian market is *multi-utility through* joint ventures with mixed public-private participation, as demonstrated by the recent acquisition by the gas company Italgas of the shares that Veolia managed in the country.

In **Portugal**, drought-related problems are significantly conditioning the country's water management. On the one hand, with policies of special protection of the use of water resources through increased monitoring of groundwater consumption and the holding of public tenders to promote the efficiency of distribution networks within the framework of the digital transition of the sector. On the other hand, policies have been adopted to increase supply with the announcement of the construction of new desalination and reuse infrastructures.

In this regard, the Portuguese Water Strategic Plan (PENSAARP 2030) aims to revitalise leakage reduction activity. The plan foresees that any network upgrades will introduce smart grids, in order to meet the target of 20% (10 percentage points below the current level) of non-revenue water by 2030 set by ERSAR, the sector regulator.

In the field of desalination, mention should be made of the seawater desalination projects planned for the tourist area of the Algarve, the industrial area of Sines and the agricultural area of southern Portugal.

Likewise, a new stage is opening up in the industrial sector which, aware of the water situation, is actively seeking more efficient solutions for the consumption and purification of its liquid effluents. The expectations generated by the "green energy corridor" signed by Spain, Portugal and France are paving the way for the proliferation of emerging sectors such as the production of green hydrogen, which requires intensive use of water technologies to obtain quality water and subsequently hydrogen through electrolysis.

With regard to operating costs, inflation has been contained mainly thanks to the normalisation of electricity costs and their coverage, which has been ensured by the revision formulas stipulated

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in the concession contracts which, following negotiations with the granting administrations, have generally been passed on to the tariffs.

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 2023.

On the other hand, the increase in prices 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 and, in general, the inclusion in the contracts of closed price clauses, futures contracts and participation in PPAs (*Power Purchase Agreements*), which has characterised the company's management in previous years, meant that Aqualia was not totally affected by the sharp increase in energy costs.

In **Georgia**, the acquisition of *Georgian Global Utilities* (GGU) was completed in February 2022, which provides the integrated water cycle service 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.

During 2023, progress has been made in the following areas:

- Reorganisation of the company with the aim of increasing operational efficiency in all its processes, especially those related to repairs of breakdowns and leaks in the drinking water supply network and the reduction of energy consumption.
- Reorganisation of the company's investment execution capacity, with the objective of preparing the organisation to execute the investments planned and agreed with the regulator, at a much higher level than previously.
- Preparation of the Master Plan for the Tbilisi, Mtskheta and Rustavi integrated water cycle. Main technical document that establishes the priorities and evolution over time of the investments and the general state of all the service facilities.
- Joint development with the *Georgian National Energy and Water Supply Regulatory Commission* (GNERC) of work on a future tariff structure with consumption blocks and fixed tariffs.
- Raising public awareness of water scarcity and the value of water through communication campaigns and public events.

At the end of December 2023, the regulator GNERC published the new water tariffs for the period 2024-2026, previously agreed with GGU, which will allow for a higher level of investments in the improvement of water cycle infrastructures.

2.2.2. MENA

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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.

Throughout 2023, administrative difficulties have continued to be experienced as a result of the cooling of relations between Algeria and Spain caused by the change in the Spanish government's position on the Sahara conflict.

In **Egypt**, Aqualia continued to operate to full satisfaction the Abu Rawash wastewater treatment plant, with a treatment capacity of 1,600,000 m³ /d serving the western area of the city of Cairo.

As for the operation of the 250,000 m³ /d New Cairo wastewater treatment plant, it continued to operate at full capacity and to the customer's satisfaction throughout the year.

The Alamein desalination plant, with a capacity of 150,000 m³ /d, is 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. In 2022, an extension of the operation and maintenance contract was signed for a period of 5 years and during 2023 the plant has been operating without incident.

In 2023, new desalination and purification tenders were put out to tender in Egypt in PPP (*Public-Private Partnerships*) and DBO (*Design-Build-Operate*) format, the results of which have not yet been published, but where Aqualia expects to be one of the winning companies.

In **Saudi Arabia**, Aqualia has completed the final works for the extension of the water service infrastructures for lines 5, 6 and 7 of the Riyadh metro in 2023.

Likewise, with regard to the 3 desalination plants traditionally operated by the Haaisco subsidiary, the Jeddah International Airport desalination plant, the KAUST University desalination plant and the Petrorabigh desalination plant, all of them worked at full capacity. As for the Jizan desalination plant, which is also operated by Haaisco, it finally became fully operational at the end of 2023.

Haaisco signed in June 2023 a new operation and maintenance contract for three floating desalination plants of 50,000 m³ /d each for the Saudi state-owned shipping group Bahri. By the end of the year, one of the three desalination plants was already in operation, pending the addition of the remaining two. These mobile plants will initially be located in the Red Sea port of Yanbu, but can be moved to wherever they are needed on the country's coasts for periods of several months.

Aqualia leads consortia that won two of the six regional delegated water service management contracts for the national operator National Water Company in 2022: those of the North Cluster

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and the South Cluster. The other four contracts were awarded to consortia led by Saur, Veolia and Suez.

Each of these two contracts, Cluster Norte and Cluster Sur, have continued in 2023 to develop to the client's satisfaction, and are each comprised of an extensive team of professionals who manage and transform the client's existing water management organisation in the provinces of each Cluster. They also carry out an ambitious programme of modernisation and optimisation of the full water cycle services, aimed at preparing them for the future phase of privatisation.

The South Cluster includes the governorates of Jizan, Al Baha, Najran and Asir, and serves a population of 5.5 million. Work started on 1 June 2022. The Northern Cluster includes the governorates of Qassim, Hail, Al Jouf and Northern Border, serving a population of 2.5 million. Work began on 1 January 2023. In both the North and South, work has been progressing satisfactorily throughout the year.

In terms of new projects in Arabia, bids have been submitted in 2023 for two major projects under the *Long Term Operation and Maintenance* programme with investment in renovation and expansion of wastewater treatment plants and 15-year operation, which are still pending award.

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

The operation and maintenance contract for the operation and maintenance of water distribution infrastructure for irrigation in agricultural production facilities and for irrigation of recreational areas also continues to operate for Al Ain Distribution Company (AADC).

In **Oman**, Aqualia continued to operate the management of the complete cycle of the Sohar port area without incident during 2023 through the subsidiary Ornan Sustainable Services Company. 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**, the Al Dhakhira wastewater treatment plant in the north of the country, with a capacity of 55,000 m³ /d and operated by Aqualia MACE, continued to operate. The 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 Ashghal, Qatar's Ministry of Public Works, for the execution of works on sewerage networks and infrastructures, work continued in 2023 on various internal lining projects for collectors and network extensions.

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Within this framework of activity, a new contract was signed for the refurbishment of the Doha South wastewater treatment plant.

2.2.3. United States

During 2023 Aqualia has maintained its commercial activity in the United States with the active search for new projects and business opportunities. Specifically, efforts have been intensified in the acquisition of a platform for business development in the US market.

On 31 December, through its subsidiary FCC Aqualia USA Corp, acquired 97% of the company Municipal District Services (MDS), whose main purpose is the integral management of water and sanitation infrastructures in the Municipal Utility Districts (MUD) around the metropolitan area of Houston (Texas). MDS currently serves 360,000 inhabitants through 136 contracts.

Water scarcity, the obsolescence of hydraulic 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 water is a business opportunity to be explored in the coming years .

2.2.4. LATAM

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

In 2023 Aqualia has continued to position itself as a benchmark in the sector in **Mexico**, thanks to a highly diversified portfolio of assets, which makes 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.

The Guaymas desalination plant, awarded in 2018 by the CEA (State Water Commission) of Sonora under the BOT scheme, and whose execution was slightly delayed by the pandemic, came into operation in mid-2022 and continues to operate satisfactorily, actively contributing both to the development of the region and to alleviating the severe drought situation that the

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state of Sonora is going through.

In June 2023, the first phase of the Integrated Management Improvement Project (MIG) formally began, which will increase efficiency levels and improve the provision of drinking water services in the municipality of Los Cabos through the implementation of actions related to sectorisation, user registration, micro-metering, leak detection and control, among others, under a public-private partnership scheme.

In **Colombia**, work continued on the completion of the construction of the El Salitre WWTP (Wastewater Treatment Plant) in Bogota. The plant is expected to be completed during the first half of 2024.

On 1 June, Aqualia began the execution of the contract for the management, financing, operation, rehabilitation, construction, design, expansion, replacement and maintenance of the infrastructure of the residential public utilities of water and sewerage in the district of Riohacha (Guajira). This is the company's largest operation in Colombia and will serve a population of around 310,000 inhabitants for 30 years.

With the entry into operation of the capital of the department of Guajira, Aqualia strengthens its presence in Colombia, where it now has 30 municipalities served in 8 of the country's departments, and provides services to around 1,200,000 inhabitants, consolidating its position as the second largest private operator in the country.

In addition, Aqualia has continued with the integration and improvement of the management of the services acquired in 2020 in the department of Córdoba (Aguas de Sinú, Uniaguas and OPSA), the municipality of Villa del Rosario, as well as the incorporations made in 2022 and corresponding to 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.

In **Peru**, the State is immersed in a process of evaluating the efficiency of its public supply services in order to give way to private initiative in those with the worst management indicators. Aqualia is developing seven co-financed private initiatives corresponding to wastewater treatment plants and desalination plants. Four of these projects are at an advanced stage of structuring and form part of ProInversión's important portfolio of *app* projects in the short term.

3. FORESEEABLE DEVELOPMENTS

In Spain, expectations for 2024 are for a definitive consolidation of the recovery of pre-pandemic activity levels in non-residential consumption. This situation of application in the perimeter of Aqualia's concessions, both national and international, will be reinforced by the new assets incorporated into the perimeter in Colombia, France and the USA, together with the commissioning of the IDAM Mar de Alborán (Almería).

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It is expected to maintain the high rates of renewal of contracts that Aqualia has historically recorded at the expiry of these, above 90%. The normalisation of electricity tariffs and the maintenance of policies that increase the number of contracts that mitigate potential price volatility with a greater volume of consumption closed at a fixed price are envisaged.

It is also considered that a good part of the municipalities that Aqualia manages will adjust their tariffs or the company's remuneration to reflect the effect of the CPI increase during 2022-2023.

During the 2024 financial year, the process of awarding projects eligible for the PERTE programme's subsidy mechanism to promote the digitalisation of the integral water cycle management is expected to speed up, a process in which Aqualia is expected to be awarded some of the proposals presented.

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. The entry into the North American market with the acquisition of a majority stake in MDS opens up prospects for new projects, not only in the state of Texas, but throughout the country.

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 El Salitre WWTP in Colombia and the Gliina WWTP in Romania, remaining fundamentally limited to the execution of projects linked to our own concessions, although we will continue to explore the possible participation in projects linked to hydraulic infrastructure in which Aqualia's competitive advantage, from a technological point of view, will allow us to enter into initiatives in the countries in which we are currently present.

No major variations in O&M activity are expected. Existing contracts will continue to develop at their normal pace and we expect a significant contribution from the new contracts in Saudi Arabia (management of the clusters awarded in 2023).

In Colombia, the concession business will evolve favourably with the 100% consolidation of the concessions acquired and awarded in 2022, with a consolidation of operational efficiency improvements in the existing perimeter and by obtaining synergies from the integration of the concessions implemented throughout 2023. New municipal concession tenders and new acquisition opportunities will also be presented during the year.

The final overcoming of the operational incidents that arose in Mexico in the Realito aqueduct

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and a significant progress of the project for the Integral Improvement of Management of Los Cabos, which began in 2023, are expected.

In Peru, the definitive launch of some of the water infrastructure projects in desalination and purification through the Private Investment Promotion Agency (Proinversión) is expected in 2024. Aqualia has 5 private initiative projects under development in water treatment and another 2 in desalination.

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

Georgia is expected to maintain the trend of the current year's results and the new regulatory triennium 2024-2026 will begin once the foundations for the three-year Infrastructure Master Plan and the new tariff framework have been laid.

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.

4. 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 2023 it has continued to make progress in a strategic orientation towards the end customer, with special attention to the quality of the channels of interaction with its users, boosting technological investment.

4.1. Customer Service Channels

The main indicators for 2023 in the Customer Service Channels (***aqualia contact***) are:

- The specialised attention of the telephone managers, as well as the proactivity and speed in carrying out 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, mobile application, Twitter and e-mail.
- Customer service call centre. As the first most used non-face-to-face customer service channel by users, **1,024,688 calls were** received in 2023, an increase of 4% compared to the previous year.

The Customer Service Centre by telephone offers customers the "**Appointment Management**"

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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 agile face-to-face service.

In 2023, **33,621 appointments** have been arranged for face-to-face service in the offices in a more controlled manner and without waiting.

- aqualia contact virtual office. This is the second most usable channel for users. In 2023, **145,042 interactions were** managed through the virtual office. Of these, 32.30% were for modifying data, 20.83% for activating electronic invoicing, and 23.91% for payment by bank card.
- Application for mobile devices. Through the mobile application, available to customers on *smartphones* and tablets, **87,702 interactions were** managed in 2023, with 70.74% of them involving payment by credit card and 16.02% involving the modification of data.
- Twitter @aqualiacontact. Through the @aqualiacontact account, messages sent by users are dealt with and managed (**918** in 2023). Also SMS messages for notifications of bills with incidents and notices of network breakdowns (954,697 SMS messages sent in 2023).

The efficiency of all customer relations channels has led to a **very low complaints rate of 0.69%** in 2023, with a maximum average response time to complaints set at 11 calendar days. Also noteworthy is the maximum average time for meter installation (from the time the meter is requested), set at 6 calendar days.

In order to meet customers' high expectations regarding the service offered, Aqualia will continue to make progress in offering an omnichannel quality experience in their interactions with the company. The objectives set in this area are as follows:

- More pleasant and higher quality customer experience
 - Any operation from any channel
 - Single processes for all channels
- More responsive and capable care
 - Cross-platform clients
 - Leveraging resources, developing communication skills by channel.
- Projects will be initiated in 2024 with the use of new technologies allowing a greater attention with more agile and efficient management for customers, such as:
 - Professional *Whatsapp*
 - *Click to call* from the web
 - *Bizum®* payments
 - Electronic signature of documents

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4.2. Invoicing and collection management

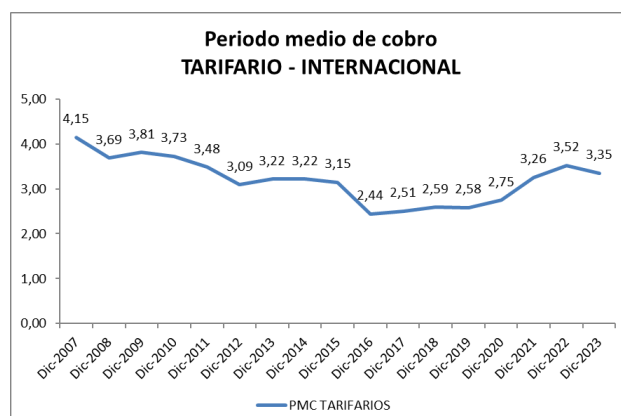
At December 2023, billing has changed compared to the previous year, on a like-for-like basis, with an increase in m3 of 2.56%, mainly due to domestic consumption in Georgia (9.13%) and high water consumption in the Czech Republic (7.83%) and Spain (6.61%). This increase has an impact on the 5.72% increase in the invoicing amount, also taking into account a high increase in tariffs in the Czech Republic, both in supply and sewerage (24%), and in high water (14%) in Colombia and in France, and the impact of the exchange rate variation of the Georgian lari.

With regard to the different collection methods, direct debit accounts for 89% of total collections, followed by bank transfer (5%), cash collection (2%), bank counters (2%) and POS (2%).

4.2.1. Average collection and default period

Aqualia's global average collection period has seen an upturn mainly due to the increase in activity in the international area in recent years, with the recent incorporation of the concessions: in Colombia, the Magdalena, Flandes and Sabana (at the end of 2022) and Riohacha (and in mid-2023) and in France, the new concessions of Bretagne (January 2023) and Dreux (October 2023).

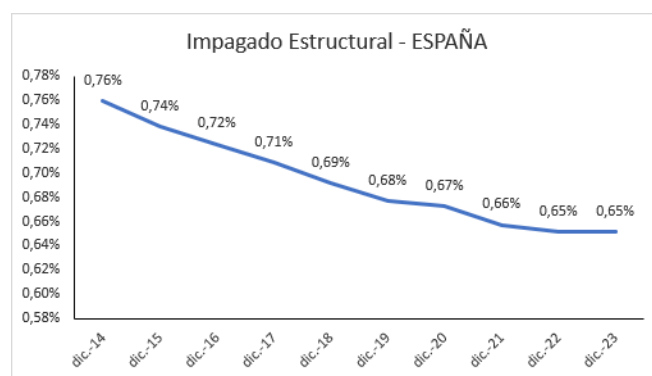
In Spain, the continuous improvement of management processes has led to an average tariff collection period of 1.89 months, which places Aqualia at values similar to those prior to the pandemic.



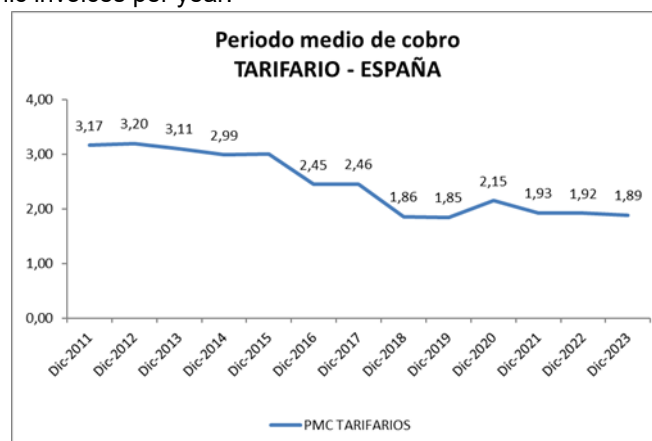
In the tariff processes, structural non-payment has been improving annually, the most important case being that of Spain, with the following evolution:

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Aqualia has continued to promote the use of electronic billing among its customers, carrying out specific campaigns in 2023 to promote the use of electronic billing and progressively replacing as many paper bills as possible. This action has led to a 15% increase in the number of electronic invoices issued by December 2023 compared to the previous year, reaching an overall ratio of 24.42% in Spain and a cumulative total of 38.72%, thus contributing to the fight to preserve the environment, with 1,526,887 customers opting to receive this type of invoice and issuing more than 10,700,000 electronic invoices per year.



4.2.2. New virtual office project

The project includes the construction of a new website aimed at the end customer, which will replace the current virtual office, with the aim of improving service levels, providing new functionalities and guaranteeing ease of use and agility in the different procedures to be carried out.

It has a modern and intuitive design adapted to the Aqualia brand and optimised for browsing on mobile devices.

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The solution is integrated with business management systems, allowing queries and interactions to take place *online*.

It is a solution that provides flexibility in the face of changes in business systems and organisational structure, such as the incorporation of a new farm, contract, company or country.

The solution includes a parameterisation module with multiple configuration options associated with the different levels of the organisational structure.

It will be deployed to cover all farms, with appropriate country and legal entity adaptations.

Production is planned for the first half of 2024.

4.2.3. Electronic document signature project

The aim of the project is to have a SaaS platform integrated with the commercial system and allowing the electronic signature of documents.

A large number of files requiring signatures, physical archiving and digitisation of documentation are handled on a daily basis.

This solution will allow the achievement of efficiencies and improvements in different business aspects such as:

- Improvements in different processes and automation of tasks.
- Improvements in customer orientation and service.
- Reducing costs by minimising task completion time and paper usage.
- Improved access to and storage of documentation.
- Ensuring the signature, validity and security of documents.

The solution is currently under construction and will be available in production in the first half of 2024.

4.2.4. Genesys Cloud platform implementation project

This involves the implementation of a *cloud-based contact centre* platform that will enable the incorporation of significant improvements in the customer services provided by telephone. The main features of the tool include:

- Unified communications solution for both telephone and other channels such as email or social

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networks.

- High availability and redundancy of the platform, guaranteeing 99.99% availability, with 24x7 support.
- Roadmap/Innovation, additional improvements are included on a weekly basis and can be used automatically.

The solution will be deployed in production for *call centre* agents in the first quarter of 2024.

4.3. Data protection

Since the entry into force on 25 May 2018 of EU Regulation 2016/679, RGPD, 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. A continuous review of compliance and adaptation to the legislation in force is carried out on an ongoing basis in all the entities, given that it applies to all the areas affected in the following aspects:

- Employee Scope
- Customer Scope
- Supplier Scope
- Scope of Contractual Relations FCC Group
- Scope of contractual relations Public Administrations
- Documentation and internal management
- Area Information Technology and Information Security
- Technical and organisational measures

The organisation's data protection risks are shown in risk heat maps. The heat map is a tool that is presented as a two-dimensional matrix showing the probability of a risk occurring while the impact of that risk is plotted on the Y-axis.

The origin of these results is the risk analysis on the different personal data processing activities carried out by the company, which tries to reflect to what extent a processing activity, due to its characteristics, the type of data to which it refers or the type of operations, may cause harm to data subjects.

The following aspects of actions and reviews implemented in 2023 are included in the risk analysis:

- Draft Binding Corporate Rules
- Updating and implementation of contractual clauses employees, customers and suppliers
- Review Register Data processing activity
- *econtrols* Privacy Governance Project

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Heat maps:

Initial situation May 2018:

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

Status December 2023:

PROBABILIDAD				
Muy alta - Máxima	0	0	0	0
Alta - Significativa	0	0	0	0
Media - Limitada	9	87	18	0
Baja - Despreciable	127	615	199	0
	Bajo - Despreciable	Medio - Limitado	Alto - Significativo	Muy alto - Máximo
	IMPACTO			

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.

4.4. Social action

Although the capacity to set tariffs and regulate the provision of services in the full 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 (*Environmental, Social and Governance*) 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

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Aqualia provides services. To date, more than 350,000 euros have been subsidised with Cáritas 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. During the pandemic, tailor-made payment plans were prepared for affected customers and these have been maintained and extended over the years.

The information on tariffs and social vouchers is available on Aqualia's website for 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 6,200 payment plans have been made according to each customer's needs. During 2023, 2,900,000 users had access to subsidised tariffs in Spain, 600,000 more than last year, and in the rest of the countries, the number exceeds one million users.

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 2023, 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.

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5. EFFICIENT AND SUSTAINABLE MANAGEMENT

5.1. Management systems

Aqualia continues to work on the development and implementation of an Integrated Management System, which will allow:

- Ensure compliance with all applicable contractual and legal requirements.
- To have information and indicators that ensure the effectiveness and efficiency of Aqualia's processes.
- Enable continuous improvement, through Management System objectives and Committees.

To this end, in 2023, work has been carried out on the following aspects:

1. Expansion of the scope of the Integrated Management System (Quality, Environment and Health and Safety; ISO 9001, ISO 14001 and ISO 45001 standards), including new certifications in the following contracts:
 - HAAISCO desalination plants (Saudi Arabia).
 - Desalination plant UTE O&M Mostaganem (Algeria).
 - GWP Integrated Water Cycle (Georgia).
 - ETAP El Realito (Mexico).
 - UTE Depuración LOTE I (Spain).
2. Definition of the documentation and implementation of a BIM Information Management System, according to ISO 19650-1 and ISO 19650-2.
3. Implementation of an Asset Management System, according to the ISO 55001 Standard in the IDAM Abona Contract (Spain).
4. Carbon footprint: calculation, verification, reduction and offsetting actions:
 - Carbon Footprint Calculation, Reduction and Offset Project (Lleida) (2022-2024): Established a Reduction Plan for the period 2023 - 2024; reached a 0 footprint for scope 2, through the consumption of electrical energy with GdO origin; in analysis a Compensation Plan, with the aim of compensating 100% of scope 1.
 - Aqualia España's GHG (Greenhouse Gas) Reduction Plan for the period 2020 - 2023.
 - Certificate "CALCULO+REDUZCO" 2022 from the HC OECC Registry of the Spanish MITERD.
 - Hellín Forest Project: analysis of a compensation project through the planting of a 1.5 ha forest at the Hellín WWTP.
5. Participation in the UNE 343 Committee on the United Nations Sustainable Development Goals Management System, with the aim of participating and establishing the national position in the development of the ISO 52001 standard, which will establish the requirements of a

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management system for the United Nations Sustainable Development Goals (SDGs).

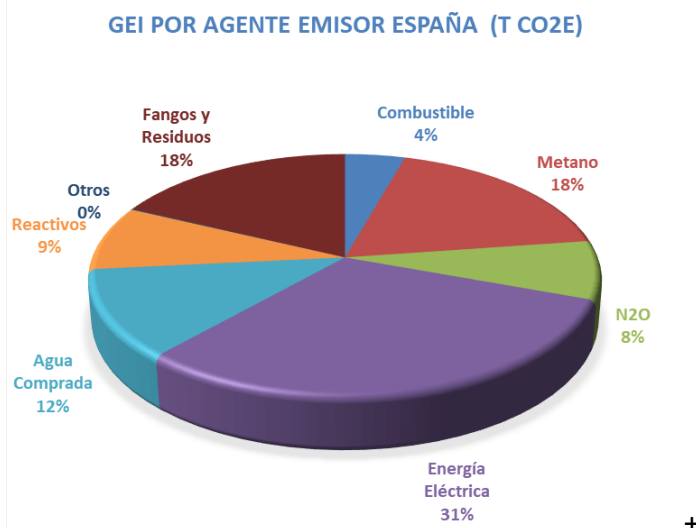
5.2. Energy management

As part of its commitment to contribute to environmental sustainability, Aqualia has been implementing strategic measures to control and reduce Greenhouse Gas (GHG) emissions.

The balance sheet report for the year 2023 concisely presents these emissions, detailing their origin in various processes, as reflected in the table below:

	<i>t CO2</i>	<i>t CH4</i>	<i>t N2O</i>	<i>GHG (t CO2e)</i>	<i>%</i>
SUPPLY	121.054	0	0	121.110	40,7%
SEWERAGE	9.915	0	0	9.935	3,3%
DEPURATION	95.367	1.789	81	166.866	56,0%
VARIOUS	0	0	0	0	0,0%
TOTAL	226.336	1.789	81	297.911	

By issuing agent, the following graph shows the percentage impact of each of them:



The pie chart shows that the largest emitter in the company's activity is electricity consumption, accounting for approximately 31% of total emissions. Other significant emissions are linked to wastewater management, either as inherent to the infrastructure managed or dependent on the volume and pollution at the entrance to the facility. In this context, the effective reduction of these emissions is practically a challenge beyond the company's reach.

Consequently, Aqualia's strategic plans for the control and reduction of GHG emissions have

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focused mainly, although not exclusively, on reducing those derived from electricity consumption. These key initiatives include:

- Reduction of electricity consumption through substantial improvements in the energy efficiency of managed systems.
- Reduction of the emission factor associated with the energy consumed.

5.2.1. Energy efficiency improvement plan

The plan is being developed under the ISO 50001-Energy Management Systems standard, which Aqualia has had in place since 2016.

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.

The monitoring of the proposed improvements and their implementation is carried out by means of an IT tool, included in the technical *reporting* platform, *Aqualia RT-BI*.

During 2023, these audits have been extended to the new contracts in Georgia and Colombia, starting with the training of technical staff in these countries, which in Georgia have already reported the results of the first phase of the audit, with proposals for the renovation or improvement of several facilities. These proposals are being incorporated into the Master Infrastructure Plan that the company is drafting for those contracts.

5.2.2. Reduction of the emission factor of the electrical energy consumed

As is well known, the emission factor refers to the amount of greenhouse gas emissions released into the atmosphere per unit of activity or unit of production.

This factor is typically expressed in terms of carbon dioxide equivalent emissions (CO₂ e), which is a standardised measure that combines the emissions of different greenhouse gases in terms of the global warming potential of CO₂. Therefore, decreasing this factor for energy consumed leads to a reduction of emissions from energy consumption.

The company's way of reducing the emission factor of the electricity consumed is through the use of renewables.

The commitments set out in the company's Sustainability Plan include:

- P.2 "By 2030, 50% of renewable energy used generated by own installations, PPAs or

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procurement, divided by total energy consumed (MWC and BOT contracts of more than three years)".

Currently, the objective is close, thanks to the installation of plants for self-consumption, the use of the biogas resulting from the digestion of sewage sludge for electricity generation, also for self-consumption of the plants themselves, cogeneration systems, hydraulic generation, etc.

The current situation regarding the implementation of plants for self-consumption is as follows:

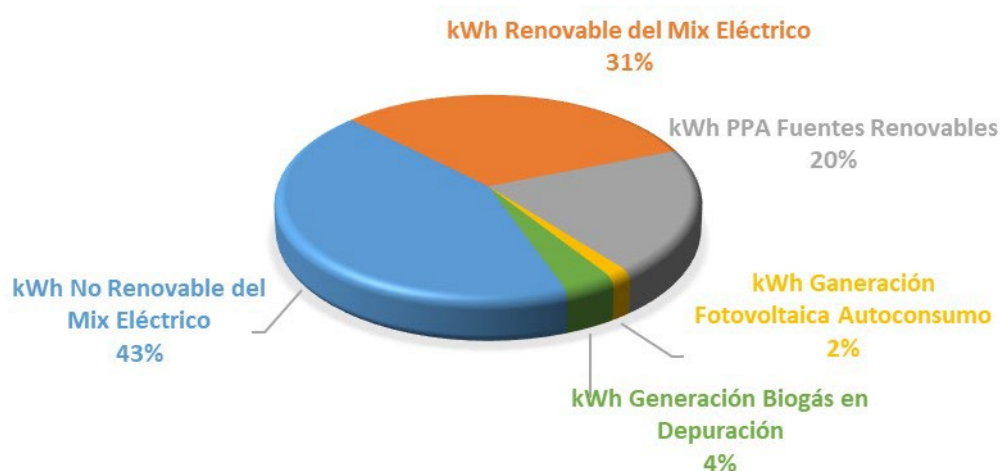
INSTALLED POWER (Kw)	Spain	Georgia	Rca. Checa	Colombia	OMAN	TOTAL
Solar Photovoltaic	6.976				1.736	8.712
Hydraulics		149.700	214			149.914
Biogas Generation	10.888		1.757	6.000		18.645
Biogas Boilers	40.969		5.488	6.976		53.433
Biogas Heat Engine	16.261		1.757	1.692		19.710
Gas stations	0,17					0,17
					TOTAL	250.414

The company's energy mix for 2023 is shown in the graph below:

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5.3. Technical management improvement projects

During 2023, the company 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:

5.3.1. Technology Hubs

During 2023, the deployment of 9 Technology Hubs in Spain has continued, increasing the network sensors and plant control, reviewing the systems and operations to have all the systems fully implemented in the services, acting as testing services for new developments, and serving as Operation Centres, which provide support to a large geographical area of the delegations, performing analysis, event classification, study of aeration curves and plant processes through the systems, in a centralised manner once the systems are implemented at regional level.

The systems have been upgraded to have the capacity to control all systems, incidents and alarms from the operations centre. This will generate a change in operations and take advantage of synergies in the areas of operation.

The IOCs (Integrated Operations Centres) will visualise what is happening in their sphere of influence. All these modifications are being tested in the Toledo IOC, as it is the most advanced in

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terms of implementation within Aqualia.

5.3.2 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. The PERTE 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 advance in the fulfilment of the environmental objectives set by the 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

In the second call for applications, Aqualia worked on the creation of 12 new projects with the aim of grouping together applicants and impacting the largest number of municipalities. During the last three months of the year, the Production, Legal, Zones, Communication and Operations areas have been involved to achieve this objective, covering 596 municipalities with a requested subsidy of 100 million euros in total.

5.3.3. 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 exploit synergies and promote common management operations, to work in a uniform and perfectly organised way.

The project was born as a system that promotes the reduction of fixed assets, distribution and service, reducing the time spent by contracts not only in the choice of material, but also in the follow-up of orders, etc., favouring internal purchases. The objectives are to minimise the work of the services when placing orders, optimisation and reduction and control of fixed assets (transfer of service parts), improvement of the price of large consignments (suppliers see their transport costs and administrative time minimised), agreement with a logistics company for the transport of material, traceability of materials through NOW, favouring invoicing through SAP internal purchases, connectivity, availability and service.

In 2023, progress was made in the implementation of two new logistics centres. This, together with the development of the management tool for logistics centres and purchases, will give potential and unification to the purchases made from these centres during 2024.

5.3.4. Drones

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In 2016, Aqualia obtained accreditation as a drone operator from the Spanish Aviation Safety Agency (AESA), which began 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 our own resources and training, which has led us to currently have five pilots, four UAS (*Unmanned Aircraft System*), a submarine and a boat. We are currently able to tackle complex situations from flights in CTR (*Controlled Traffic Region*) zones to overflying urban areas.

This action, together with the training of specialised personnel in the Zones, facilitates the operation of this equipment, oriented towards the daily actions of the services, such as:

- Thermographic leakage 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 floors of tanks, channels, etc. using a drone boat.
- Inspection of the state of tanks, water intakes, by underwater drone.

During 2024, we will continue to make progress in the programming of infrastructure surveys due to their importance, whether at facility level, commercial or for any other requirement. This point cloud survey by 3D *scanner* and aircraft can be incorporated into a viewer in our asset management software to further enhance the platform's potential.

5.3.5. Technology transfer. From innovation to business

With regard to the technology transfer of innovative products resulting from successful projects of the company's R&D&I department, three full-scale preliminary projects were incorporated in 2023, two at national level and one at international level, which have served as a commercial offer to be presented to the customer. On a national level, a Dual Digestion project has been developed at the Salamanca WWTP and an ELAN ANAMMOX project at the Valdebebas WWTP. Internationally, an ELAN ANAMMOX project has been developed in Portugal, at the Frielas WWTP.

To carry out this work, information on the operation of the reactors installed in Aqualia and the data from the innovation pilots has been compiled in order to define, together with engineering, the design data for these two flows, drawing up a document for each technology that can be used for future projects.

5.3.6. Water quality and discharges. Performance improvement plan

In 2023, a Hydraulic Performance Improvement Plan has been carried out, selecting the towns where the greatest return on economic improvement is achieved in the different geographies. The

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plan focuses on improvement actions in:

- Remote control and flow control
- Hydraulic Audit Plan. Due to the entry of the new RD 3/23 and different European regulations, it will be necessary to carry out and send hydraulic audits, for which a first milestone model has been carried out, focusing on the ILI index, which is currently being completed by all services with more than 10,000 inhabitants. This point is necessary and will be carried out in all the services indicated.
- Water Efficiency Plan. A pre-diagnosis must be carried out to identify the weak points of the network, propose and implement an action plan and optimise the actions from a technical and economic point of view.
- Sectorisation. This enables continuous and precise control, allowing instant detection of leaks and minimising water losses.
- Renewal of assets: renewal of the fleet of meters to replace older meters with new, more accurate ones or *Smart metering* that allows consumption to be monitored more efficiently with a frequency of less than 24 hours.
- Review plan for selected services: phased review of objectives
- Search for leakage of own resources, mainly for the maintenance of the current NRA.
- Search for external media leakage, linked to the framework agreement concluded for this purpose.
- Improvement in active pressure management. Investment in active pressure management equipment and regulators in certain areas under study.
- Improvement of material, through the formalisation of the framework agreement unifying the quality of materials.
- Linear asset studies: renovation and investment based on the repair rate, resources allocated and their costs for renovation proposals to the relevant administration.

5.3.7 Technological transformation

One of the biggest challenges is the promotion of operational improvement through digitalisation and the design and use of management tools that are useful for the heads of service/plant managers and, in turn, serve as an information reporting mechanism, reducing the bureaucratic and administrative burden that weighs on the heads of service. As the implementations and start-ups progress, the systems evolve and are nourished by both experience and new needs that are analysed and developed in conjunction with the IT department. During this year, the evolution has been significant.

During 2023, the implementation of AWA (Aqualia Water Analytics) continued, enhancing its usability both in the Operations Centre environment and in the introduction of new applications aimed at greater digitisation and decision making support.

With this application, a further step can be taken in the digitisation of the process and data analysis, through the use of artificial intelligence algorithms. In this sense, AWA is a very effective tool to

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assist in the treatment and analysis of laboratory and process data, as well as flow and consumption data collected in the corporate SCADA database, establishing Decision Support Systems (DSS), alarms or direct action on equipment and processes.

Among the improvements proposed are:

- AWA Functionalities for Operations Centre (IOC - Integrated Operations Centre)
- Connection Leak Detection Module - NOW (Creation and management of TOs in AWA)
- Investment Plan
- Performance of all service sectors in the selected time period (Related to the new CMN module) (In process)
- Large consumer test (In progress)
- Correlation factor (Demand forecast)

For the development of the tool, in the field of processing, it is carried out in three pilot locations:

- Lleida WWTP, where several intelligent controls are currently in place, which will help in the design of their own.
- Salamanca WWTP, similar in size and process to Lleida WWTP, where the same controls can be developed but with its own technology.
- La Puebla de Montalbán WWTP, smaller than the previous ones, but of the most common type of treatment in the plants operated by Aqualia.

The following developments are being worked on for integration into the platform:

- Contamination by imaging: early detection by imaging.
- Balances and relations between the consumption of drinking water served and the quantity of wastewater received at our facilities.
- Centrifuge regulation and poly dosing.
- Digestion decision support system.
- Own control of aeration.

5.3.8. AqualiaLAB

The entry into force of the RD on the Quality of Water for Human Consumption is causing a change in our 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. At this time it is essential to have all the analyses in a single portal where they can be consulted in the rest of the systems, or to migrate

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them for different uses.

In addition, all external and compulsory analysis bulletins can be uploaded through it, thus enabling the monitoring of compliance with legal requirements in terms of discharge and water quality.

Accredited laboratories

Aqualia currently maintains a network of laboratories accredited by ENAC, Acredia, CAI and GAC, under the Aqualia LAB brand, comprising 7 laboratories in Spain (Oviedo, Vigo, Lleida, Avila, Jerez, Badajoz and Adeje), 1 in Italy (Caltanissetta), 2 in the Czech Republic (Ostrava) and 1 in Georgia (Tbilisi).

In January 2023, RD 3/2023 was published and came into force in Spain, establishing the technical-sanitary criteria for the quality of drinking water, its control and supply in Spain. This RD responds to the transposition of Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption.

The increase in the number of analyses that the entry into force of this new law has meant for Aqualia LAB, at a quantitative level, can be summarised as follows:

<i>PARAMETERS</i>	<i>ENTRY INTO FORCE</i>	<i>No. Analysis full year</i>
COLIPHAGOS	2023	13.699
VINYL CHLORIDE	2023	5.070
EPICHLOROHYDRIN + ACRYLAMIDE	2023	4.190
AEROBES AT 22°C	2023	18.765
ENTEROCOCOS	2023	13.554
CHARACTERISATION	2023	1.228
PESTICIDES OPERATIONAL CONTROL	2023	6.752
MICROCYSTIN	2023	2.936
GLYPHOSATE	2023	5.378
BROMATO	2023	4.063
NITRITES	2023	3.294
CHLORITE	2024	4.550
CHLORATE	2024	4.550
BISPHENOL A	2024	5.070
HAA	2024	4.199
PFAS	2024	4.190
WATCH LIST	2024	1.507
URANIUM	2024	3.640
TOTAL NO. OF ANALYSES:		106.635

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The increase in the number of samples corresponds to the analyses called Watch List and Operational Controls, which the new legislation incorporates. These are:

Observation list:	1,507
Operational controls:	9,549
Characterisation:	1,228
Increment samples new RD:	12.284
Samples year 2022(Before the new RD):	27.060
INCREASE IN SAMPLES (%):	45.4%.

In order to cope with this sharp increase, including the accreditation of the new techniques, it is necessary to expand the human and material resources, as well as the extension and adaptation of some of the laboratories to provide the necessary space. Not only to carry out the new analytical techniques, but also the management, transport and storage of samples, given the drastic increase in the number of samples.

As a first step, a new laboratory has been installed, replacing the one in Ávila, which started operating in October 2023. This new 400 m² laboratory replaces the previous 90 m² one, with new spaces for storage, training, etc.

6. INNOVATION AND TECHNOLOGY

Aqualia's innovation activity promotes the transition towards a circular economy with a zero carbon footprint, in line with European *Green Deal* policies. The Department of Innovation and Technology (DIT) develops new sustainable services and processes, thanks to smart and eco-efficient management tools. Thus, ITD projects support the company's activity to achieve the UN SDGs, with particular emphasis on affordable, high-quality water and sanitation services (SDG 6), an optimised energy balance (SDG 7) without affecting the climate (SDG 13) and responsible production and consumption (SDG 12).

The attached table lists the 21 projects developed by the DIT during the year 2023 (and their start and completion dates), which strengthen Aqualia's technological proposal:

Register	Acronym	Full name	Starting year	Year end
18 02	H2020 REWATERGY	Sustainable Reactor Engineering for Applications on the Water-Energy Nexus	2019	2023
19 05	LIFE ULISES	Upgrading wastewater treatment plants towards energy self-sufficiency and zero-waste concept	2019	2023

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22 01	RIS3 EFLUENT-EX	Research on the use of bio-waste in Extremadura: a sustainable source of renewable energy, mobility and bio-products.	2022	2023
19 03	BBI B-FERST	Bio-based FERtilising products as the best practice for agricultural management SusTainability	2019	2024
19 04	BBI DEEP PURPLE	Conversion of diluted mixed urban bio-wastes into sustainable materials and products in flexible purple photobiorefineries	2019	2024
19 06	LIFE INTEXT	Innovative hybrid hybrid INTensive-EXTensive resource recovery from wastewater in small communities	2019	2024
20 02	H2020 SEA4VALUE	Developing radical innovations to recover minerals and metals from seawater desalination brines	2020	2024
20 03	H2020 ULTIMATE	indUstry water-utiLiTy symbiosis for a sMarter wATer society	2020	2024
20 06	LIFE ZERO WASTE WATER	Positive energy wastewater treatment plant for combined treatment of waste water and bio-waste in small populations	2020	2024
20 07	LIFE INFUSION	Intensive treatment of waste effluents and conversion into useful sustainable outputs: biogas, nutrients and water	2020	2024
21 03	HATCHING MISSIONS	New materials, technologies and processes for the generation, storage, transport and integration of renewable hydrogen and biomethane from biowaste	2021	2024
21 04	ZEPPELIN MISSIONS	Research on Innovative and Efficient Green Hydrogen Production and Storage Technologies based on the Circular Economy	2021	2024
20 04	H2020 REWAISE	REsilient WATer Innovation for Smart Economy	2020	2025
20 05	LIFE PHOENIX	Innovative cost-effective multibarrier treatments for reusing water for agricultural irrigation	2020	2025
21 01	H2020 NICE	Innovative and enhanced nature-based solutions for sustainable urban water cycle	2021	2025
21 02	LIFE RESEAU	RESilience EnhAncement in the Urban water sector	2021	2025
22 04	UMI AQUATIM	Joint research unit: sustainable future of the circular, efficient and resilient water cycle.	2022	2025
22 02	HE D4RUNOFF	Smart implementation of adaptive hybrid solutions in sewage networks for preventing and managing diffuse pollution from urban water runoff	2022	2026
22 03	HE CHEERS	Producing novel non-plant biomass feedstocks and bio-based products through upcycling and the cascading use of brewery side-streams	2022	2026
22 05	HE NINFA	TakiNg actIoN to prevent and mitigate pollution of groundwATer bodies	2022	2026
23 01	HE RESURGENCE	Industrial water circularity: reuse, resource recovery and energy efficiency for greener digitised processes	2023	2027

During the 2023 financial year, **three projects** in which Aqualia had a stake were completed:

- 1 *Marie Skłodowska Curie European Industrial Doctorate* training project: Rewatery. To recover hydrogen from wastewater, and develop new oxidation methods.
- 1 EU LIFE project: Ulysses. On energy self-sufficiency and waste recovery in conventional WWTPs through novel low-cost technologies.
- 1 RIS3 project (*Regional Innovation Strategies for Smart Specialisation*) with FEDER funds from the Regional Ministry of Economy, Science and Digital Agenda of the Regional

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Government of Extremadura: Efluent-EX. It investigates the use of bio-waste as a sustainable source of renewable energy, mobility and bio-products.

The development of **17 other ongoing projects** has continued:

- 5 from the European Life programme: IntExt, Phoenix, Zero Waste Water, Infusion and Reseau.
- 2 of the EU H2020 Joint Initiative / Bio-Based Industries (BBI): B-Ferst and Deep Purple
- 4 from the EU H2020 programme: Sea4Value, Ultimate, Rewaise and Nice.
- 2 CDTI Science and Innovation Missions on renewable gases: Eclasion and Zeppelin
- 3 of the EU's new Horizon Europe programme: D4Runoff, Cheers and Ninfa
- 1 of the Mixed Research Units (UMI) programme with ERDF funds from the Galician Innovation Agency (GAIN): Aquatim - for the study and implementation of new technologies throughout the entire water cycle.

Under the EU Horizon Europe 2023 programme's call "*Sustainable and efficient industrial water consumption CL6 40-01*", a new project has been selected: Resurgence (*Industrial water circularity: REuse, reSoURce recovery and enerGY efficiENCY for greenEr digitised processes*).

6.1. Projects completed in 2023

Projects completed in 2023 achieved the following results:

- **EU MSCA - Rewatergy**

This project focuses on scientific training, within the *H2020 Marie Skłodowska Curie* programme of European academic networks. It was led by the Universidad Rey Juan Carlos, and Aqualia participated as an industrial partner by hosting two PhD researchers to carry out technological development work at its wastewater treatment plants:

- at the Lleida WWTP, methods for the adsorption of ammonium from wastewater and its conversion into hydrogen were developed in collaboration with the University of Cambridge,
- at the Jerez WWTP, photo- and electro-disinfection processes were evaluated to remove micropollutants in drinking or waste water, supported by the University of Ulster.

- **Life Ulysses**

Three technology centres (CENTA, EnergyLab and CIESOL - University of Almeria), together with Aqualia as coordinator, have worked to transform conventional WWTPs into "energy and biofertiliser production factories", achieve energy self-sufficiency and eliminate their carbon footprint. At the El Bobar WWTP in Almeria, operated by Aqualia, anaerobic pretreatment has been implemented with the PUSH reactor, which has also been successfully evaluated in Portugal, first at two WWTPs operated by Aguas de Algarve, and then at the Cartaxo WWTP, operated by Aqualia.

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In order to improve the energy balance in Almeria, biomethane is used as a vehicle fuel supplied through a gas plant powered by an ABAD Bioenergy® refining system. Within the fertiliser production strategies, struvite precipitation, enzymatic hydrolysis and Fresnel lens solar disinfection have been developed.

- **RIS3 Efluent-EX**

The Efluent-EX project is financed by FEDER RIS3 regional specialisation funds as part of the Extremadura region's commitment to a circular green economy. To promote clean energy and the use of organic and agro-industrial waste, Aqualia is working to convert WWTPs into biofactories and renewable energy sources, promoting sustainable mobility based on green biofuels.

At the Badajoz WWTP, managed by Aqualia, solar solutions were implemented to heat the digesters with photovoltaic panels and a Fresnel lens solar drying and sanitisation system. To maximise the production of biomethane and hydrogen, the co-digestion of agro-industrial substrates was optimised by evaluating the inventories and characteristics of agro-livestock and food industry waste (wineries, fruit and vegetable and dairy processors). Several thermal processes were also tested to transform the final solid waste into carbonaceous materials (biochar): hydrocarbonisation, pyrolysis and activation.

6.2. Projects under development

- **Life IntExt**

The project optimises low-cost wastewater treatment technologies in small towns to minimise energy costs, carbon footprint and waste from wastewater treatment. Led by Aqualia, the AIMEN and CENTA technology centres and the University of Aarhus (Denmark) are evaluating ecologically and economically sustainable solutions for urban centres of less than 5,000 inhabitants, supported by specialised SMEs from Germany, Greece and France.

At the Talavera WWTP, managed by Aqualia, a 16-technology demonstration platform is operated that compares different systems (wetlands, algae, biofilm reactors or granular sludge). In parallel, the wetlands are also tested at the facilities of the Andalusian Environment and Water Agency in the province of Seville, to quantify the climatic effect, and to compare various pretreatment options (Push, Imhoff).

- **Life Phoenix**

The project, led by Aqualia and supported by the CETIM and CIESOL technology centres, optimises tertiary treatment to achieve the most ambitious objectives of the new European regulation on water reuse (EU 2020/741). Aguas de Portugal, the Diputación de Almería and the Confederación Hidrográfica del Guadalquivir are contributing several locations to the project, where effluents are evaluated through several mobile plants.

This equipment combines physico-chemical treatments with advanced filtration, and various

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membrane tuning *skids for* ultra and nanofiltration. In addition, Newland Entech's European subsidiary tests ozone and ultraviolet light modules, which enable advanced oxidation and disinfection. For continuous monitoring of the reuse water quality, a sensor from the Dutch company MicroLan is integrated in the tests, which enables online microbiological measurements and meets the risk control requirements of the new EU reuse standard.

- **Life Zero Waste Water**

Aqualia as leader, and Canal Isabel II as a partner in this project, have installed a combined treatment unit for urban wastewater (ARU) and the organic fraction of municipal solid waste (FORSU) at the Valdebebas WWTP (Madrid). To achieve a zero carbon footprint treatment process, an anaerobic reactor with AnMBR membranes has been installed, which produces biogas, followed by the ELAN® in-line water process to remove nitrogen with low energy consumption. FORSU management is assessed with the transport of the organic matter mixture in a single stream in the sewerage system.

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

- **Life Infusion**

This project is coordinated by the Barcelona Metropolitan Area (AMB), and is a continuation of the Life Methamorphosis project. In Barcelona's Ecoparc 2, the pilots of the previous project are being used to design new plants for recovering resources from solid urban waste. Together with the EureCat technology centre and the operator of Ecoparc2, EBESA, the leachate digestion system was optimised with Aqualia's AnMBR and ELAN® technologies, with the addition of ammonium *stripping* from the Belgian company Detricon. The process will be transferred to COGERSA, the waste management entity in Asturias, to evaluate new leachate management solutions at its plants.

- **LIFE Reseau**

The RESEAU project seeks to increase the capacity and resilience of existing hydraulic sanitation infrastructures in the face of the impact of climate change. It is led by Aqualia, with the participation of the technology centre ITG (Fundación Instituto Tecnológico de Galicia) and the public operator VCS (Vand Center Syd AS) in Odense (Denmark). Sensors (speed, flow, level, etc.) have been installed in the sewerage network of Moaña (Pontevedra), operated by Aqualia, to monitor and model its behaviour. The aim is to develop a flexible flow management model.

In addition, a 500 m³ aerobic granular reactor is being built at the Moaña WWTP to treat up to 2,000 m³/d of wastewater. This advanced biofilm system multiplies the biological treatment capacity several times over compared to conventional activated sludge, while improving the adaptability of the WWTP to load variation and reducing the space required for its implementation. It also

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significantly reduces the environmental impact of the treatment process by reducing energy needs and avoiding the emission of greenhouse gases.

- **H2020 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). At the Jerez WWTP (Cadiz), managed by Aqualia, a struvite precipitation facility is being operated to incorporate the phosphorus recovered in a new Fertiberia biofertiliser demonstration plant in Huelva.

It is being verified that the Aquavite® product complies with the limits of the 2019/1009 legislation on fertiliser products, both in terms of phosphoric oxide content (16%) and the presence of pathogens. At the same time, an infrared thermal dryer is tested for disinfection. The resulting product is also used in the recovery of land affected by forest fires in Ávila. Finally, agro-food sludge, such as the waste from the Coosur WWTP (Jaén) operated by Aqualia, is being characterised for incorporation into Fertiberia's formulations.

- **H2020 BBI Deep Purple:**

Aqualia, with the support of thirteen partners from six countries, implements in the project a new model of biorefinery on a demonstration scale, integrating purple 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.

After optimising a first prototype of the photobioreactor at the Toledo-Estiviel WWTP, a 10 times larger demonstration reactor was built in 2022 at the Linares WWTP (Jaén), and a similar installation is being completed at the Badajoz WWTP (Extremadura). At SmVaK in the Czech Republic, a biogas purification column is installed to increase the performance of the generators.

- **H2020 Sea4Value**

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

Aqualia's Desalination Innovation Centre in Denia (Alicante) has been reinforced, and a new test platform in Tenerife and pilot units are being implemented in several EDAMs operated by Aqualia.

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At these locations, the technical and economic impact of more sustainable desalination methods is being analysed, as well as new solutions for the recovery of brine. Work is being carried out on the solar concentration of brine, selective precipitation of magnesium, obtaining chlorine dioxide, and optimisation of the remineralisation of permeate with micronised calcite, to reduce CO₂ consumption, turbidity and the size of the installations.

- **H2020 Ultimate**

In the H2020 EU *Smart Water Economy* call, Aqualia participates in two of the five selected consortia, which have joined together in the CirsEau cluster. In Ultimate, the Dutch technology centre KWR coordinates 27 partners, which implement innovative demonstrations of synergies between water services and industries in nine *living lab* locations.

Aqualia has installed a fluidised anaerobic reactor (FBBR / Elsar) on an industrial scale at the WWTP of the Mahou-San Miguel brewery in Lleida, 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 system, which could be used to feed the petrochemical pole.

- **H2020 Rewaise**

The Rewaise project is the second of the EU's H2020 Smart Water Economy call in which Aqualia participates. In this case it acts as the coordinating entity of a consortium of 25 partners, which includes water companies from the United Kingdom (Severn Trent), Sweden (Vasyd) and Poland (AquaNet). Together with 7 SMEs and universities from Croatia, Italy, Poland, Czech Republic, Sweden and the United Kingdom, new circular economy and digital management solutions are implemented in "living laboratories" including Aqualia's operations in Asturias, Badajoz, Canary Islands, Denia, Salamanca and Vigo.

Rewaise reinforces Aqualia's strategic lines of technological development, such as sustainable desalination and new membranes, the recovery of materials from brine, the reuse of wastewater and its transformation into energy and by-products. To improve the operation and control of the processes, work is being carried out on the simulation of networks and plants, optimising the efficiency of the service and the quality of the water.

An AnMBR reactor was installed on the Balaídos industrial estate (Vigo) to recover resources from the urban effluents of the Citroën/Stellantis factory. In Salamanca, the Centro de Innovación en el Ciclo Integral del Agua (Innovation Centre for the Integrated Water Cycle) was inaugurated. In Denia, desalination processes are being improved, and a new brine salt recovery platform is under construction in Tenerife.

- **H2020 Nice**

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The Nice project generates scientific knowledge from *nature based solutions (NBS)*, such as wetlands or green facades. These elements intervene in the purification of urban wastewater and in the recovery of resources. This project led by the CETIM technology centre has 14 partners from 9 countries, and implements these options aimed at sustainable cities 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.

- **Eclosion Missions**

Co-funded by the CDTI (Centre for Technological Development and Innovation), the project's main objective is to create new materials, technologies and processes for the generation, storage and transport of renewable and indigenous gases, such as hydrogen and biomethane. These energy carriers will be produced from urban and agri-food waste, 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, is carrying 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 bioelectrochemical 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 Missions**

A second project co-funded by the CDTI is investigating a flexible set of green hydrogen production and storage technologies based on the use of waste and by-products (agri-food, textile, sewage treatment plant, and refinery). The aim is to produce this energy vector more efficiently, 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 using 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: Repsol, as the leading national producer and consumer of hydrogen; Naturgy, Redexis and Reganosa, as gas distributors; and Norvento, Perseo and Técnicas Reunidas as technology partners.

The companies are collaborating with 9 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

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the area such as Acerinox, Viesco, Air Liquide, Linde, as well as the port companies.

- **HE D4Runoff**

The project is led by the public water company Vand Center Syd (VCS) in Odense (Denmark), and brings together 12 partners from 5 countries, including Aqualia and its subsidiary Hidrotec, the Technological Institute of Galicia (ITG), the University of Cantabria and the Catalan SME Mitiga, specialised in risk control software. Tools are developed to quantify, prevent and manage diffuse pollution caused by urban runoff water.

The work programme includes the development of new analytical methodologies with Aqualia's laboratories (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. The *Nature Based Solutions (NBS)* will be validated in Odense (Denmark), Pontedera (Italy) and Santander, and their replicability will be assessed in Algeciras, Ostrava (Czech Republic) and Cairo (Egypt).

- **HE Cheers**

It is coordinated by the Mahou-San Miguel brewery group and involves 10 partners from 5 European countries, including Aqualia and its subsidiary Hidrotec, the AINIA technology centre and the University of Valladolid. The project aims to revalue the underused or wasted by-products of the brewing industry, such as bagasse, wastewater, CO2 and methane.

Using a biorefinery approach, inspired by nature's biodiversity (insect and microbial platforms), 5 market-competitive innovative bioproducts are generated: insect protein, disinfectant, microbial protein, ectoin and caproic acid. New sustainable bioprocesses for transformation are validated on a demonstration scale to achieve a 50% reduction of the carbon footprint in each value chain.

- **HE Ninfa**

The project develops groundwater monitoring and protection systems, starting with the measurement, modelling and treatment of various pollutants (nutrients, pesticides, pharmaceuticals, hydrocarbons, heavy metals, microplastics and salinity). The strategy for pollution prevention and groundwater management is based on early detection systems, a better understanding of synergistic effects and the control of risks from multiple disturbance factors. These elements are combined with predictive methodologies to increase resilience and implement treatment and mitigation solutions.

The project is coordinated by the technological centre Leitat, and brings together 9 partners from 6 countries. Aqualia participates with its laboratories (Hidrotec), and implements activities together with another partner, the city council of Alcázares (Murcia). Aqualia France and the Instituts Mines-Télécom Atlantique in Brittany (Brest, Rennes, Nantes) are also expected to collaborate.

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- **UMI Aquatim**

The CETIM technology centre, Aqualia and its subsidiary Trainasa make up this Joint Research Unit (UMI). Its objective is to respond to current challenges by studying and implementing new technologies throughout the entire water cycle. Innovation, the development of new circular economy models and digitalisation are key factors for obtaining new sources of green energy (H2 and biogas), new natural resources and their efficient use (nutrients, metals and water). It also includes the protection of ecosystems and biodiversity through nature-based solutions (SBN), the development of new digital technologies (sensors, traceability, models and predictive systems) and the introduction of improvement actions to ensure the quality of water bodies.

6.3. Projects started in 2023

The new Resurgence project is part of the Horizon Europe programme in the RIA (*Research and Innovation Action*) modality with 100% funding. The consortium is led by the technology centre CETIM and is made up of 20 partners from 11 countries covering the entire geographical scope of the EU, with international cooperation from Turkey and Pakistan. The project addresses a circularity model in industrial water consumption with a broad perspective: efficient technologies for water circularity, energy and raw material recovery, with the aim of contributing to climate neutrality, circularity and competitiveness of the European Union.

4 case studies will be developed including 3 industrial sectors (pulp and paper, chemical and steel), as well as a fourth case to explore synergies between urban and industrial wastewater treatment. Digital tools will also be developed and applied, enabling the optimal configuration of water treatment technology and day-to-day operation taking advantage of flexibility opportunities in smart grids.

6.4. Patents

During the year 2023, the 10 families of patents and trademarks that have continued to grow since 2014, and 2 patents still in force for Aqualia industrial, summarised in the attached list, will be maintained.

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	Tipo de protección	Nombre corto	Fecha de concesión	Nº Concesión
	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 nacional OEPM	Sistema de carbonatación	04/03/2015	ES2451579
	Patente europea EPO	Sistema de carbonatación	18/11/2015	EP2712917
				ES2466090
	Patente nacional OEPM	Proceso Anammox ELAN		EP2740713
	Patente europea EPO	ELAN ®UK	10/09/2014	11256559
2.	Registro de marca	ARON ®	17/12/2014	UK00911256559
			03/09/2014	12785771
3.	Patente europea EPO	Algas-HRAP optimizado (LEAR)	06/01/2016	EP2875724
	Registro de marca	LEAR ®	03/09/2014	12785713
4.	Patente europea EPO	MFCs lecho fluidizado	22/04/2020	EP2927196
	Registro de marca	FBBR (ELSAR)	02/06/2021	18398327
		ELSAR ®		
5.	Patente europea EPO	Influent distribution and Mixing Device for UASB Reactors PUSH	05/10/2016	EP3009408
6.	Patente europea EPO	Biogas upgrading	29/03/2017	EP3061515
	Patente internacional PCT	Biogas upgrading USA y MEXICO	27/02/2018	US9,901,864 B2
	Registro de marca	ABAD Bioenergy ®	02/12/2021	388417
			22/05/2017	016146151
7.	Patente europea EPO	MDC (Microbial Desalination Cells MIDES)	26/08/2020	EP3336064
	Patente internacional PCT	MDC USA	23/03/2021	US10,954,145
8.	Patente europea EPO	SAnMBR	20/05/2020	EP3225596
	Patente internacional PCT	SAnMBR USA y MEXICO	03/03/2020	US10,577,266 B2
9.	Patente europea EPO	ADVANSIST (ANPHORA®)	10/07/2020	EP3546562
	Registro de marca	ADVANSIST/ ANPHORA®COLOMBIA	02/06/2021	18398329
			27/03/2019	41631
10.	Patente europea EPO	DARE	19/05/2021	EP3527538

In 2023, 3 new protections were applied for: one patent and two trademark registrations for the DAHLIA® and CAMELLIA processes. Of the 6 patent applications filed in previous years, two are in

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the final granting phase (AquaElan and PUSH), and a third looks likely (Struvite). A further 4 are still awaited in the patent pending table:

	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 anunciada
2	Patente europea EPO	Cristalización de estruvita	26/09/2016	EP15754933.8	Concesión probable
3	Patente europea EPO	Reactor a presión	19/10/2017	EP17382699.1	En evaluación
4	Patente europea EPO	Mejora PUSH	13/10/2021	EP21382918	Concesión anunciada
5	Patente europea EPO	Purasand High Recovery	30/09/2022	EP22382912.8	En evaluación
6	Patente europea EPO	WETFAN	28/11/2022	EP22383139.7	En evaluación
7	Patente europea EPO	Producción ectoína	03/03/2023	EP23382198,2	En evaluación

6.5. Publications and events

With 305 actions in 2023 in terms of publications and participation in conferences, the average rate of references to Aqualia's R&D of the previous four years has been maintained, reaching more than one mention per working day, as shown in the table below.

	2019	2020	2021	2022	2023
Scientific articles	14	13	11	9	9
Trade press	108	67	73	75	62
Mainstream press	139	98	187	152	185
International events	24	14	29	27	21
National events	19	12	27	22	28
TOTAL	302	204	327	271	305

7. PEOPLE AND CULTURE

7.1. 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.

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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.



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7.2. Reconciliation

Aqualia maintains its **efr** (family-friendly company) certification obtained in 2017, which it renewed until 2023. Aqualia raised its score from the initial certification from C to C+.

In 2023, the Employee Voice Survey was conducted to analyse the Effectiveness of *Be Aqualia* Measures.

The results obtained indicate that the most valued measures are related to flexibility of working hours and health-related issues. The main suggestions received are related to spatial flexibility.

7.3. Diversity and Equality

7.3.1. Diversity and Social Inclusion

In 2023 Aqualia renewed its participation in the **Diversity Charter** where the company states that it respects the regulations in force regarding equal opportunities and anti-discrimination .

The alliance **#CEOPorLaDiversidad**, an initiative led by the Adecco Foundation and the CEOE Foundation (Spanish Confederation of Business Organisations) to unite companies and the people who manage them around the values of diversity, equity and inclusion .

Entidad adherida a la alianza



Equipos y Talento, a reference in Human Resources, has recognised Aqualia as one of the 70 leading companies in diversity, thus renewing the **Diversity Leading Company** Seal, obtaining 600 points, surpassing the score obtained the previous year (556).

Aqualia has set up a **Diversity Committee**, where diversity-related issues and projects are discussed. In 2023, the first Diversity, Equity and Inclusion Protocol was approved, which allows further progress to be made in the implementation of an inclusive culture free of bias.

Through the agreement signed with FELGTBI+, Aqualia joined the EMIDIS programme in 2023 to carry out a diagnosis on LGTBI diversity. The initial result obtained of 46.30 points was positive, well above the 30 points that, on average, companies that begin to implement these policies obtain.

Aqualia has maintained in 2023 the agreement with the **Asociación Red Empresarial por la Diversidad e Inclusión LGBTI (REDI)**, an ecosystem of companies and professionals in Spain that works to promote safe and respectful working environments for all people, regardless of their identity, gender expression or sexual orientation . Through REDI, awareness-raising sessions have been held for the workforce.

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Aqualia also celebrated Diversity Week, participating in different activities to raise awareness and support for the LGTBI+ community.

Aqualia maintains its **agreement with MyGWork**, a global recruitment and networking platform for professionals, graduates, allies and LGBT organisations to promote diversity and inclusion in the workplace. A tool to attract diverse talent at Aqualia.

In addition, in 2023, Aqualia has made its commitment to diversity visible through different forums such as its participation in the **Round Table of the Congress of Deputies on: "Diversity, Inclusion and Sustainability, business challenges and challenges for Spain as a society"**, held on 2 June.

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.

7.3.2. Equality

- **Empowering Women's Talent (EWT)**

For its commitment to the development of female talent and diversity, Aqualia has renewed the *Empowering Women's Talent* seal awarded by the specialist Human Resources magazine Equipos&Talento.



- **Continuation of the Internal Network of Female Talent "Aqualiawomen".**

To promote *networking*, access to training and *coaching*. Currently 50 women are part of this network. 83.4% of the participants rate very positively the activities developed within the initiative in its first year of creation.

- **Cross Mentoring Programme within the framework of Empowering Women's Talent (EWT).**

In which different companies participate and in which mentor/ *mentee* pairs cross paths. This programme brings the richness of diversity of sectors and business models. Three *mentees* and three mentors from Aqualia have participated in the 2023 programme, which will continue in 2024.

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- **Equality Badge**

Aqualia has obtained in 2023 the extension of its "Equality in the Company (DIE)" distinction for five more years. The Ministry of Equality has recognised Aqualia's work in the field of equality with the renewal of this distinction that the public body awarded in 2010.

- **Equality Plan**

In 2023, 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).

- **Aquamaior receives the Equal Pay Seal 2023**

Aquamaior, the Aqualia subsidiary that manages the integrated water cycle in the Portuguese municipality of Campo Maior, has been distinguished by the Portuguese Commission for Equality in Work and Employment (CITE) for its good practices in promoting equal pay for women and men.

- **Let's Talk Equality Training**

Its aim is to promote equal opportunities in the workplace, not tolerating direct or indirect discrimination on grounds of gender, race, age, nationality, religion, sexual orientation, disability, etc. This course has been incorporated into the initial training for new recruits.

- **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 2023, 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 5 members of Aqualia's staff.

- **Agreement with the Adecco Foundation**

For the development of activities aimed at achieving employment for women in vulnerable situations, such as:

- Camp for Employment. Socio-occupational integration project aimed at women in

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vulnerable situations. With this initiative, Aqualia aims to help overcome the barriers that these women face when attending employment workshops due to their limited financial resources and lack of family support.

- Participation in the Gender Violence and Employment Report with the aim of positioning employment as a key element for the comprehensive recovery of women victims.

- **Agreement with the Ministry of Equality**

Aqualia maintains the agreement with the Ministry of Equality (Government Delegation against gender-based violence) to promote awareness and social awareness against gender-based violence within the framework of the initiative "Companies for a society free of gender-based violence", signed in November 2022.

7.4. Leadership

During 2023, training continued to be given in the Aqualia Leadership Model, aimed at the organisation's managers. The training is based on three pillars of leadership for Aqualia: **participative, healthy and inclusive**.

7.5. Development

7.5.1. 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.

In 2023, the **Standard Job Manual containing** job descriptions of the organisation's jobs according to professional families has been updated. This manual is intended to be a basic tool for the organisation's human resources processes.

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, **2,146 courses** were organised in 2023 and employees received **196,546 hours of training**.

Throughout 2023, the language policy has been implemented, in which the **multilingual platform** stands out, where the following languages can be studied: English, French, Portuguese, Italian and Spanish. 407 people have participated in the platform, 81% of whom have completed courses/training modules.

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Likewise, language groups and individual classes have been organised according to the profiles and scope of activity of the posts. 199 people have taken part in these training courses, with a take-up and completion rate of 78%.

Training and awareness-raising in the areas of Diversity and Equality has taken on special relevance in 2023, with the following actions standing out:

- Course on awareness-raising and comprehensive protection against sexual violence in the workplace.
- Awareness raising on LGBTI DE&I. 146 people trained.
- Diversity and Inclusion awareness-raising for new recruits. Employees with access to e-mail take the course through the FCC Campus and employees without access to a computer take part in campaigns through posters in different countries.
- In addition, a training on inclusive language has been developed in which 1,666 people have participated and another on unconscious bias, which has been completed by 2,245 people.
- As part of the commitments of Aqualia's 3rd Equality Plan, it is worth highlighting the awareness-raising on the Gender Violence Cycle and Support Networks that 2,284 employees have carried out *online*, as well as the poster campaign and the *Be Aqualia app*.
- In addition, 884 people have participated in Cyberbullying training in 2023.

Likewise, in 2023, training on the **Code of Ethics and Conduct** continued to be developed for new recruits. In the area of regulatory compliance, 1,018 employees received training on **Conflicts of Interest**.

Given the importance of **cybersecurity**, various courses on this subject were held throughout 2023, in which 4,365 participants took part.

Training sessions on **Cultural Transformation in Sustainability were** held for Aqualia's team managers, with the aim of highlighting the cultural transformation that the company is undergoing towards sustainability, as evidenced by the launch of the 2021-2023 Strategic Sustainability Plan. These training courses will continue in 2024.

The focus continues to be on training related to emotional health. Training in stress management and productivity, as well as psychosocial and mental wellbeing workshops have been organised, in which 612 people have participated.

In 2023 Aqualia has been recognised as a "**Espacio Cerebroprotegido**", a distinction awarded by the Fundación Freno al Ictus. This recognition is due to the training provided to its employees at its headquarters in Madrid, Barcelona and Seville, with the aim of training them in the identification, stabilisation and effective response to cases of stroke that may occur both in the company's facilities and in the performance of their work duties. The "Espacio Cerebroprotegido" certification programme has trained a total of 358 people.

Aqualia continues to promote and develop professional competence accreditation processes. Aqualia currently has 17 accredited experts (11 for energy and water, 6 for safety and environment).

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7.5.2. Recruitment and Internships

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, throughout 2023, work has continued on Aqualia's Employer Brand Image 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 job portals with the greatest national and international capacity, maintaining in 2023 the contracting of the *myGwork* platform for attracting diverse talent in Aqualia.

Over the course of 2023, 741 selection processes have been carried out.

On the other hand, Aqualia continues to work on attracting young talent through the signing of agreements with Universities and Vocational Training Centres in different communities. New students have joined the Advanced Degree in Water Management and the Intermediate Degree in Water Treatment Networks and Stations of the Dual Vocational Training in the Community of Madrid, promoted by Canal de Isabel II.

7.6. 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 extension of the 6th State Agreement on the Integrated Water Cycle continued as a reference framework for labour regulations.

Agreements have also been reached at provincial and autonomous community level, such as the Autonomous Community Collective Bargaining Agreements of Murcia, Madrid and Catalonia, as well as the provincial agreements of Toledo and Alicante, in which Aqualia has been involved in the negotiating committee.

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 2023.

Labour disputes remained at a low level. In terms of collective disputes, there have been several

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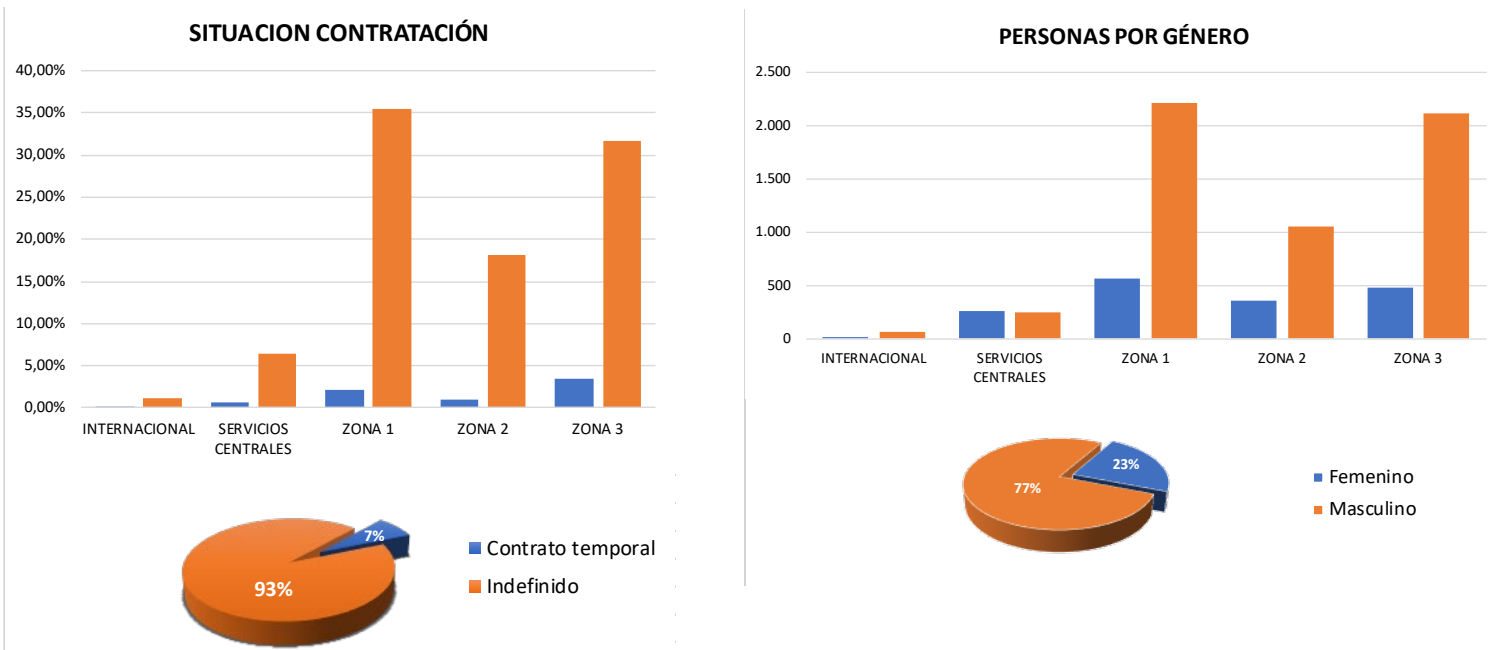
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low-impact disputes due to the application of collective bargaining agreements, most of which have been resolved through conciliation. In the international area, there were no significant collective labour disputes. With regard to Labour Inspections, these have been reduced by 30% compared to 2022, having conciliated or obtained a favourable result in all of them with the exception of one case of slight seriousness.

In terms of equality, all the Aqualia Group companies, with the regulatory obligation to do so, have established Equality Plans in force and agreed with the social partners. With regard to compliance with the regulations on disabled personnel, the Aqualia group complies with these regulations in full, maintaining the required 2% of disabled personnel in companies with more than 50 employees and in the case of FCC Aqualia S.A. through the corresponding alternative measures.

With regard to quantitative data, the employment stability policy is maintained at national level at the same level of 93% of permanent contracts in 2023. In terms of gender, the percentage of women employed has increased compared to 2022 at the national level, reaching 23% in 2023. Internationally, employment stability stands at 70% permanent contracts and 30% temporary contracts, and in terms of gender it stands at 83% of employees and 17% of female employees. This variation is due to the significant increase in the number of employees in the international area compared to 2022.

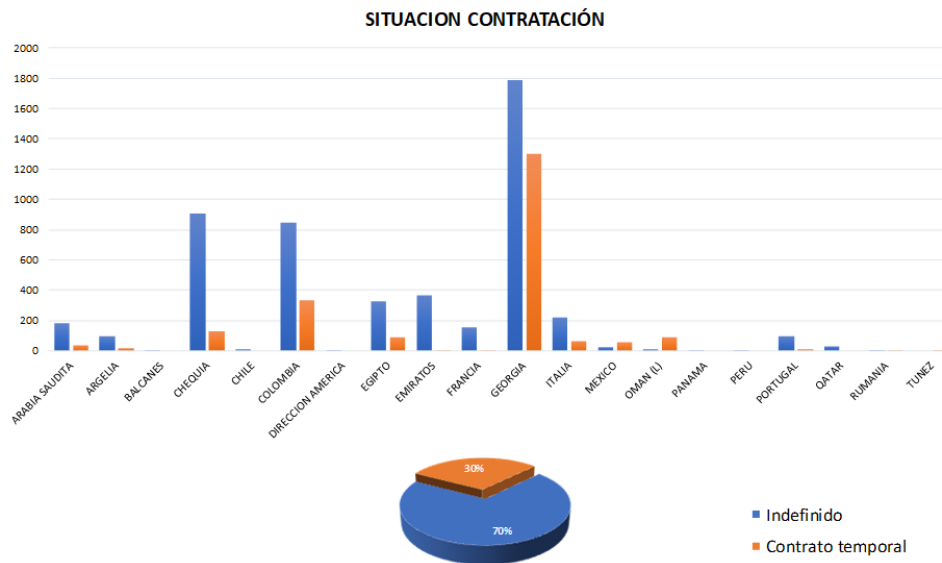
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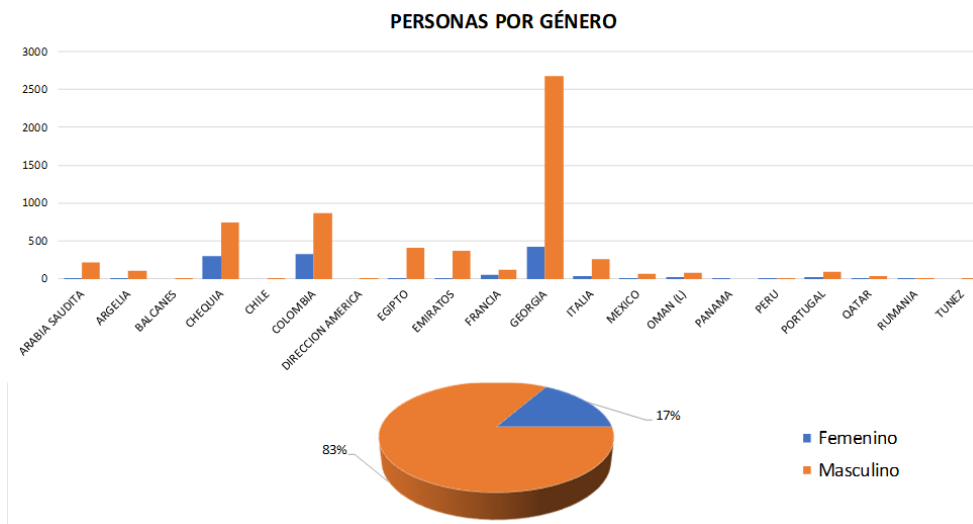
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INTERNATIONAL



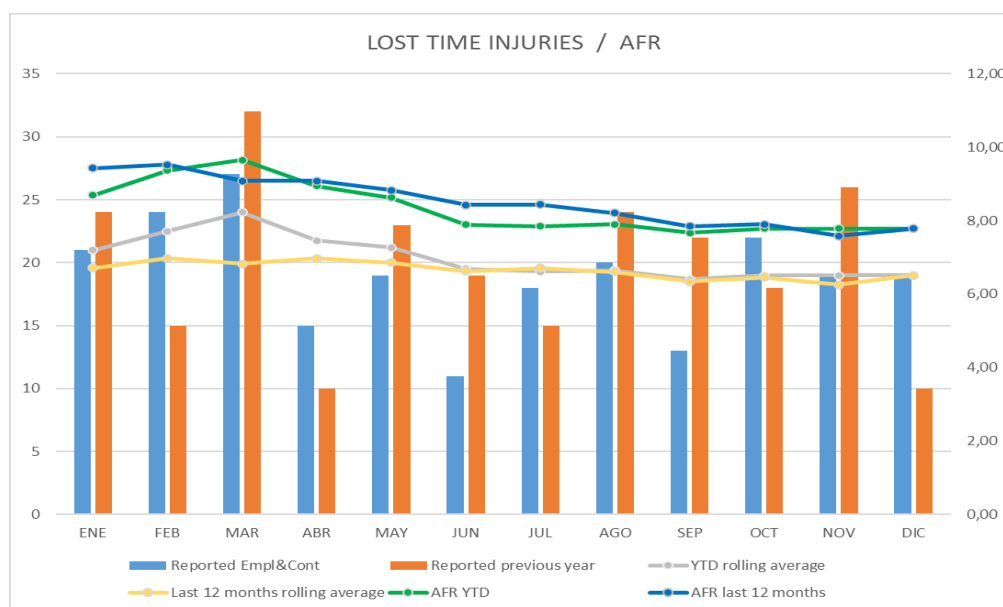
7.7. Health and Welfare

7.7.1. Evolution of Aqualia's accident rate over 2023



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In 2023, the accident rate reduction target is achieved. The AFR is around 7.79* compared with 9.84 in December of the previous year and 10.12 in October 2022.

It is noteworthy that there have been no serious accidents among the company's own staff.

* Consolidated data up to October 2023 and averaged for November and December.

7.7.2. Health and Welfare Milestones

During 2023, the **Strategic Health and Wellness Plan** was redesigned and aligned with the company's Strategic Plan, translating it into actions to be carried out until 2026.

Work has been carried out on the implementation of some of these actions which, under the five lines of work that make up the Strategic Plan of the Health and Wellbeing area, represent progress in the effective, efficient and continuous improvement management not only of safety, but also of health and wellbeing in the company: both for the workforce and their family and social environment.

The most significant actions carried out during the year were as follows:

- **Outstanding projects or initiatives aimed at achieving "Zero Harm" to workers:**
 - Aqualia's Accident Prevention Action Plan is designed and disseminated, adapting it to each area.
 - Indicators are defined and designed to identify the recurrence of accidents, as well as the segregated analysis of accidents by age, sex and other variables of interest.

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- Awareness-raising, learning and training resources are generated with gamification and new technologies.
 - The use of the *Be Aqualia app* as a communication tool is encouraged.
 - Specialised face-to-face training on contractor management and the use of documentation control and tracking platforms.
 - 3rd Aqualia International Health and Safety Conference.
- **Outstanding projects or initiatives aimed at controlling critical risks in Aqualia:**
 - Update and submission for approval of the asbestos work plan.
 - Control visits and improvement plan as part of the comprehensive ATEX risk installation control campaign.
 - Control visits and improvement plans as part of the comprehensive campaign to control chlorine gas installations.
 - **Projects or initiatives aimed at improving people's well-being:**

The Be Aqualia and Healthy Organisation Project is consolidated through various cross-cutting and specific initiatives, focused on improving the overall health of the workforce.

Cross-cutting actions:

- Physical activity (Women's races or closing of the *United Heroes* pilot).
- Food (*Be Aqualia* strategy against overweight and obesity, *Befit* with training routes, monthly menus, targeted challenges, and integration through health monitoring, *webinars*, workshops and various talks on eating habits and their influence on health).
- Talk on Cervical Cancer Prevention.
- Talk *Be Aqualia* Project and Healthy Eating at El Endrinal Construction Site: nutrition in personnel with high energy demand.
- Intensification of the strategy against overweight through the Fit Week with Webinar, Bicycle Activity and *Be Aqualia* Packs, various initiatives to promote healthy breakfasts.

Local initiatives:

- Organisation, promotion and in some cases sponsorship of sporting activities such as races, hiking days, paddle tennis, football matches or yoga aimed at postural improvement.
- Fruit distribution, recipe competitions and healthy breakfasts.
- *Family day*.
- Local agreements with physiotherapy clinics, as well as promotion of active breaks in the office and physical activity to start the working day.

Special mention should be made of the emotional health programmes and the management of psychosocial risks in the company, which once again this year have been the subject of intervention, with the help of our partner *Affor Health*, multiple interventions have been carried

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out in this area, consolidating a cultural change in the organisation when it comes to addressing mental health through:

- Participation as co-creator and promoter of a New Psychosocial Assessment Tool *Mentally Pro*, in collaboration with the University of Barcelona, *Affor Health* and multiple national and international public and private entities.
- Participation as a speaker at the Conference on Suicide Prevention and Approach to Suicide in the workplace at the Official College of Psychology of Madrid. April 2023.
- Employee Assistance Portal (PAE), with the use of the Psychomet as a tool for psychosocial diagnosis and monitoring.
- Training on techniques and tools for individual management and coping to improve our psycho-emotional health through workshops and free webinars available to employees, for example a workshop on emotional first aid.
- Action plans derived from the Work Climate Survey.

Some of the health promotion actions carried out in 2023 were:

- Certification of corporate centres as Companies with Brain-protected Spaces through the Fundación Freno al ictus. Talk on stroke prevention and action in the event of a stroke.
 - Intervention in Voice Care in the group of Teleoperators (CAC).
 - Influenza campaign with coverage of approximately 700 workers.
 - Extended MRI analysis with PSA dosage is maintained in men over 50 years of age.
 - Asepeyo Back Schools.
 - Within health surveillance, 6809 medical examinations were carried out in Spain in 2023 (5896 through Cualtis and 913 in SMFCC).
- **Optimisation of the department:**
 - Training in specific functions of designated technicians.
 - Working group to improve the efficiency and fluidity of work in the S&B area (SUMA).
 - Design, development and implementation of new Health and Wellbeing *software* in Phase I on work-related injuries, inspections and actions.
 - **Awards and participations with health and safety recognition:**
 - Our Aqualia Mace project in the United Arab Emirates has been recognised for its HSE performance with the *HSE Towards Future 2023 Award*.
 - In Oman, the OSWS project also received the following awards in 2023: *British Safety Council Safety International Silver Award* and *ROSPA International Safety Award*.
 - Second prize was won in the 5th VIVE Saludable Awards FCC Group -. Category: Health Promotion. Emotional Wellbeing in Aqualia: "Covid-19 Challenge".

In addition, it is worth highlighting Aqualia's participation in:

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- PRL Innovation in various lines of work and in the VI Congress on PRL Innovation.
- Official College of Psychology of Madrid for the approach and prevention of suicide in the workplace.
- SMART HSE from Nalanda.

8. CORPORATE COMMUNICATION AND SUSTAINABILITY

8.1. Communication

8.1.1. Aqualia's Communication Plan: national and international

The water sector faces major challenges that place Aqualia in a position of great responsibility towards the environment, the population and its future. As a provider of an essential public service, the company has the capacity to solve problems in the territories under environmental, social and governance (ESG) criteria, thus building its social legitimacy.

In this context, **Aqualia's Communication Plan 2023** (PCOM) incorporates the expectations of the stakeholders regarding the company's activity, and configures the company's strategic lines for each of its audiences. The PCOM marks the work of the department, through the communication axis: "Sustainability through digitalisation, with a focus on efficient management".

The Plan includes the company's general lines of action in communication from a strategic vision and its adaptation to each moment and territory and to the triple ESG sustainability:

- To achieve a position as a leading company with the capacity to influence the integral water cycle management sector, achieving a **social licence**. This goal links to **economic sustainability** and impacts on SDG 17: Strategic Partnerships.
- Transferring the **real value** that the company brings to municipalities through the management of the water cycle (impact on **environmental sustainability** and SDG 6: Water and sanitation).
- To highlight the digital transformation, technological evolution and the company's ability to **adapt** to climate change, while raising awareness of sustainability. This is the area of **social sustainability**, which impacts SDG 12: Responsible production and consumption.

2023 has been marked by various circumstances, such as the municipal elections in Spain, the PERTE, or the regulatory requirements for sustainability and transparency in the sector, in addition to Aqualia's own circumstances, such as its entry into Georgia and expansion in Colombia and France.

Throughout 2023, 2,012 press releases were sent to the media and 426 meetings were held with all types of media.

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Once again, one of the milestones of the Corporate Communication and Sustainability department was the presentation of the **7th Aqualia Journalism Award**, held on 7 June at the headquarters of the Madrid Press Association (APM). In the competition, 41 journalists from Spain and Colombia presented a total of 60 journalistic works that reflect the importance of the management of the integral water cycle and raise awareness of this valuable and scarce resource. The jury awarded the prize to a Canal Sur TV report on water management in the face of climate change by the team of the programmes "Tierra y Mar" and "Espacio Protegido", a piece directed by José María Montero and presented by Ángela Blanco. Two runners-up prizes and two special mentions were also awarded. The total number of works presented in the seven editions of the Prize is 340.

One of Aqualia's major milestones in 2022 was Aqualia obtaining a **syndicated green corporate loan of 1,100 million euros** from ten banks, led by CaixaBank. This fact has also had repercussions in 2023, as it has received two awards: the "Award for the best sustainable loan of 2022" granted by the organisation OFISO; and the "Impact project/investment of the year 2023", from the publication *Environmental Finance* in December.

However, the award that received the most national and international media coverage of the year was the **'Water Company of the year 2022'** awarded to Aqualia by the Global Water Intelligence information platform.

The year began with the publication of an **interview with Félix Parra, CEO of Aqualia, in the** February issue of the magazine Agua y Medioambiente, which El Economista publishes in print and digital format. The economic newspaper interviewed Félix Parra in his capacity as president of the StepByWater Alliance and asked him about the challenges of the water crisis in Spain, the investments needed in the urban water cycle, the generation of renewable energy in the purification process, the increase in energy costs and the Spanish water market.

Another of the milestones that marked the year were the PERTE calls for proposals for the digitalisation of the water cycle. In the first call, which was resolved in the second half of the year, Aqualia presented 7 projects, among which the Ministry for Ecological Transition and the Demographic Challenge (MITERD) finally selected one: the PERTE of Campo de Gibraltar. The milestone was communicated by the Corporate Communication and Sustainability department to the media through a press release that was covered by both national and, especially, local media in the sector.

8.1.2. Digital communication and social media

In 2023, **Aqualia's website** reached 706,000 visits by 698,000 users, with a low bounce rate (users leaving the site after viewing a page) of 31.3%.

The Responsible use of water section (aqualia.com) has been created on the website so that local councils can make responsible water use campaigns their own. The new space has two sections: "Water sanitation" and "Responsible consumption", where the public administrations can find

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communication tools to raise awareness among citizens about responsible consumption ([posters](#), [videos](#), commercial breaks, digital tools, bottles, backpacks and stickers, among others).

In addition, Aqualia's website has also created an access to the [Citizen Information Portals search engine](#), through which users can search for their municipality and directly access the portal of the municipal water service of their locality. Over the last year, progress has continued to be made in the **migration plan for the "Citizen Information" portals**. This plan was born as a result of the transposition in Spain of Directive 2020/2084, which affects the quality of water intended for human consumption, and whose new requirements include guaranteeing the availability of updated information. The local web portals are changing to a new format to comply with the regulation, and are accessible both from [aqualia.com](#) and from the websites of the Spanish local councils. By the end of 2023, 200 portals had been published. The remaining phases to be completed are phase 6, with 50 portals under review (pending receipt of content from the technical department) and phase 7, with 60 portals in "contribution" (also pending from the technical department).

Another area of Aqualia's website is dedicated to the Sustainability Report. This year, the **2022 Sustainability Report**, available in Spanish, English, French and Portuguese, includes two new features. A fifth format was adapted: "The report at a glance", a very reduced version with the most essential data. The second new feature was the publication of nine interviews with executives from Aqualia's Management Committee, heading each chapter of the report.

Aqualia's **social networks** have maintained their growth in 2023 compared to the previous year, both in terms of the number of followers and the publications made.

- On YouTube, the company has 3,600 subscribers and 2,344,152 views (around 300,000 new views this year).
- On X (formerly Twitter), it has gained more than 500 new followers this year, to the current 7,618.
- On LinkedIn, Aqualia's followers have increased from 37,854 last year to 49,510 this year, an increase of more than 30%.
- Aqualia's Instagram profile, which was launched in March 2022, already has 2,270 followers (1,170 more than last year).

The company's social networks continue to play an important **training/information role** in the company's initiatives, as in the case of the campaign against gender violence, the World Environment Day campaign and the promotion of the Sosteniblómetro. The **Employee Use and Participation Manual for RRSS**, published in 2022, is still in force as a guide so that all Aqualia's professionals know how to use their social networks correctly.

8.1.3. Events

8.1.3.1 National events

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Aqualia continues to take part in various events and conferences of reference within the sector, both nationally and internationally. This calendar of events opened in January with the **2nd StepByWater meeting**, held at the headquarters of the Spanish Federation of Municipalities and Provinces (FEMP) in Madrid. The conference, entitled "Europe in the face of water scarcity", was supported by the Spanish government with the participation of several authorities. Félix Parra, CEO of Aqualia, opened the event. StepByWater is a pioneering multi-sector alliance in Europe and Spain, which promotes key supranational initiatives, such as the 2030 Agenda, the Decade of Action for Water, the Agreements of the different Climate Summits and the Urban Agendas, in an integrated, cross-cutting and alliance framework. Aqualia is one of these actors in the "Cultural Water Revolution" and Félix Parra holds the presidency of the alliance. In September, another meeting of the Alliance took place, in which Aqualia participated, to present the work "In our hands" in the lagoon of Calzada de Oropesa (Toledo). The action, created by the international artist SAYPE, raised awareness of the importance of protecting water.

The company also participated in **SMAGUA 2023**, held in Zaragoza in March, where PERTE initiatives for the digitalisation of urban water were presented. José Gabriel Lumbreras, Director of Operations and Technological Transformation, presented the projects developed jointly with 130 city councils. That same month, the company also participated in the **2nd Castilla-La Mancha Economic Forum. Achievements and Challenges**, organised by El Español, Invertia and El Digital in Toledo (Spain). The event was attended by Santiago Lafuente, Director of Aqualia España, and Francisco Jiménez, Director of Aqualia Industrial, who analysed the region's challenges in the use of water.

Aqualia was also present at the **Quality Water Summit**, an event organised by the iAgua portal and held from 24 to 28 April to analyse the main trends in the sector. Aqualia was one of the main players and took part in different parts of the event: a round table on the future of water management, a session on the energy transition in the water cycle and a session on biofactories and reuse. Zouhayr Arbib, head of the Sustainability area of the R&D department, moderated a round table on wastewater treatment in small and medium-sized towns. *Country managers* Javier Sierra (Egypt) and Javier Díaz (Saudi Arabia) led the round tables focused on business opportunities.

In June, Granada (Spain) hosted the **13th International AEDYR** (Spanish Association of Desalination and Reuse) **Congress**, a forum where the latest research and developments in desalination, reuse and water treatment are presented. The programme included six presentations by technicians from the company's Engineering and R&D teams. In addition, Lyvia Mendes, an Aqualia researcher, won the AEDYR prize for the most voted paper.

Also in Spain, Aqualia participated in events such as the **Spain Smart Water Summit 2023**, organised by iAgua from 19 to 21 September. The event brought together 250 experts to analyse the implications of the digital transformation of the water industry. One of the presentations was given by Marcelino Ortega, *Process Control Engineer* at Aqualia, who focused on data management and its environmental impact. Renzo Lovón, *Head of Operations Applications & Data Analytics* at Aqualia, gave a presentation entitled "Transforming cities with data: technologies and success stories of leading operators".

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The company participated in the **IDA Water and Climate Change Summit**, held in Seville from 15 to 18 October. The congress, organised by the International Desalination Association and supported by MITERD, focused on climate emergency and reuse solutions. Aqualia participated in the conference, which focused on the challenges of achieving carbon neutrality through innovation.

In November, Aqualia participated in the **Digital Water Summit** organised by the International Water Association (IWA) in Bilbao, in collaboration with the Consorcio de Aguas de Bilbao Bizkaia and AEAS, to discuss the digitalisation of the water sector, which brought together more than 400 international experts. Diego Naranjo, head of Efficiency Models and Smart Solutions, gave a presentation focused on the efficient management of networks, Aqualia's platform and its operational control centres. Pedro Rodríguez, Director of Operations and Technology, closed the event as Vice-President of AEAS, in his capacity as representative of the IWA in Spain.

8.1.3.2 International events

In May, one of the major international events of each year took place, the **Global Water Summit**, held in Berlin, which analysed the key challenges facing the water sector today. Aqualia took part in several presentations and presented its success stories. Guillermo Moya, Director of the Europe Area, and José Enrique Bofill, Director of the MENA-Asia Area, participated in the *Water leadership panel* and in the round table *The future of SDG6 finance*, respectively. In these sessions, they were able to discuss strategic and sustainable global water management issues with top-level CEOs and profiles.

The first of the two major events held in France with the presence of Aqualia was the **Carrefour des gestions locales de l'eau fair**, held in Rennes on 25 and 26 January. The event, which is essential for public bodies, water management entities and technology suppliers in northwest France, was held for the 24th time, with 500 exhibitors and more than a hundred conferences and workshops.

Also in France, in this case to close the year, the **Salon des Maires et des Collectivités Locales** was held in Paris in December, supported by the AMF (French association of mayors).

Also at the end of the year, Aqualia was present at the **4th Silk Road Forum in Tbilisi** (Georgia) which, under the slogan "Today Connected, Tomorrow Resilient", took place in the Georgian capital in November. Around 2,000 participants from more than 60 countries discussed regional and global trade and connectivity. José Enrique Bofill, Aqualia's *Regional Director MENA and Asia*, participated in the panel discussion "Boosting investment through policy decisions".

In the Americas, the **XXV ANDESCO Congress** was held in Cartagena de Indias (Colombia) in June. Aqualia took part in the debate on the public services model that Colombia needs for the future. More than 3,000 people attended the presentations by Juan Pablo Merino, Director of Corporate Communication and Sustainability, and Yolanda Barahona, Head of Corporate

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Sustainability: "Nativos Sostenibles: la esencia de la gestión en el Ciclo Integral del Agua" (Sustainable Natives: the essence of management in the Integrated Water Cycle).

In November, the **XXXV Annual Convention and Expo ANEAS** (National Association of Water and Sanitation Entities in Mexico) was held in Monterrey, with more than 8,000 attendees. Aqualia participated as a collaborator and with the presence of the *Country Manager*, Juan Miguel Martínez, and the production director, Humberto Morales. In addition, Samuel García, an expert in water project management, gave the conference "Water and the future: the challenge of Nuevo León".

In the Middle East, the company participated in events such as the **Oman Energy and Water Exhibition and Conference** (OEWEC), held in March, through its Omani subsidiary OSWS, with its partner and customer Majis. In November, the *joint venture* formed by Aqualia and GS Inima, which has been operating the Mostaganem and Cap DJinet desalination plants in Algeria since 2011, was invited as a benchmark in desalination to the **Algerian Desalination Day** event held in Algiers, a meeting point for the country's main desalination players and to present the latest advances in reducing energy consumption.

8.1.4. Prizes and awards

The great recognition that Aqualia received in 2023 took place during the Global Water Summit, held in Berlin in May. The *Global Water Awards 2023* were presented by the British communications platform Global Water Intelligence. Aqualia won the **Water Company of the Year 2022** award. The jury particularly valued the company's financial, commercial and sustainability achievements in 2022, such as obtaining the 1.1 billion euro green loan, its comprehensive energy efficiency and emissions reduction plan and the renewal of almost 100% of its concessions in Spain, together with new contracts in Georgia, France, Colombia and Saudi Arabia. In addition, the Abu Rawash plant project, executed by Aqualia in Cairo (Egypt), was a finalist in the 'Best wastewater treatment plant of the year' category.

The awards won by the company in 2023 are intrinsically linked to sustainability. Aqualia's securing of a 1.1 billion euro green loan in 2022 led to the receipt of two awards. One of these, for the **"Best Sustainable Loan of 2022"**, was awarded by OFISO (Spanish Observatory of Sustainable Finance) in May, recognising the commitment of institutions and individuals to drive financial resources towards sustainable activities. Isidoro Marbán, CFO of the company, collected the award. The loan also led to the **"Impact project/investment of the year 2023"** recognition, awarded by the *Environmental Finance* publication in December, highlighting the "large-scale and diverse geographic impact" of the investment.

Closer to the direction of Communication and Corporate Sustainability was the achievement of the position of **finalists in the Dircom Ramón del Corral Awards**. The Association of Communication Managers, Dircom, placed **Aqualia's Sustainability Report 2021 ("#Actúa")** among the finalists in its sixth edition of the Awards, which distinguish excellence and best practices in corporate

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communication in Spain. The document competed in the "Non-financial information" category in the "ESG" area.

Two other awards related to sustainability and of a local nature were, on the one hand, the recognition of the **Confederation of Entrepreneurs of the province of Cadiz (CEC) in its 3rd Contest for the Recognition of Business Commitment to the Sustainable Development Goals (SDGs)**. Aqualia received the award for its "Sosteníblómetro" initiative, the citizens' barometer of sustainable behaviour. It also received an award at the **27th edition of the Andalusia Environment Awards**, organised by the Department of Sustainability, Environment and Blue Economy. In this case, the initiative recognised was the Life Ulises project, developed at the El Bobar WWTP in Almería as a model for transforming wastewater treatment plants into zero discharge biofactories.

There have also been recognitions related to leadership and people management. On the one hand, Aqualia was awarded the **Diversity Leading Company 2023 seal**, which included Aqualia among 83 companies committed to diversity and inclusion. On the other hand, the company renewed its **"Equality in the Company-DIE" distinction**, awarded by the Ministry of Equality to entities that develop gender equality policies, for a further five years. The distinction was obtained in 2010 and has been extended.

Internationally, in the United Arab Emirates, the public company Al Ain Distribution Company recognised AqualiaMACE, a company formed by Aqualia and the Emirati company MACE, as a **Partner in Responsibilities**, for its commitment to its more than 500 workers in terms of safety, health and the environment. In Colombia, the Secretary of Education and the Municipal Library of Cereté recognised the company for contributing to the education of new generations on the importance of water through Aqualiaeduca. In addition, **Aqualia received recognition from the Ministry of Labour of the Republic of Colombia** in collaboration with the Organisation of Ibero-American States for Education, Science and Culture, for its outstanding participation in the Labour Inclusion Strategy in Riohacha (La Guajira).

8.2. Sustainability

8.2.1. Sustainability Strategy. Sustainability in Aqualia. PESA

The macroeconomic context, rising inflation, the difficult geopolitical situation, as well as the energy crisis and trade wars increase protectionism and generate mistrust in society. The need to alleviate the climate emergency has led many states to promote a framework of rules that push companies towards positive impact, technological progress and decarbonisation of the economy.

Water and water resource management are directly affected by the climate crisis. Under these premises, Aqualia has consolidated its position this year in the international arena, thanks to the ability of its professionals to adapt and to the generation of innovative, digital and sustainable solutions.

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In 2021, Aqualia published its first three-year Strategic Sustainability Plan (PESA), which has enabled it to implement projects that promote sustainable water management. During these three years, the company has implemented the strategic lines established, based on the adaptation and mitigation of climate change, culture and the well-being of people, ethics and social impact, the promotion of technology for integrated management, digitalisation and communication with all stakeholders.

For yet another year, and successfully audited by AENOR, Aqualia has demonstrated its strong commitment to environmental sustainability and its contribution to the United Nations Sustainable Development Goals. 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, linking them to the company's activity.

8.2.2. Sustainability Report 2022

Aqualia published its Sustainability Report 2022, which covers the company's performance and reflects the evolution of its Strategic Sustainability Plan 2021-23. The document, addressed to all its stakeholders, integrates the progress made in the three main areas: economic development, environmental performance and social justice.

The Report has been prepared in accordance with the GRI (Global Reporting Initiative) Standards, updated in 2021, which detail the impact of the company's activity on the economy, people, the environment and human rights. The document has been audited by AENOR and is in line with the new EU CSRD (Corporate Sustainability Reporting Directive), which proposes the analysis of the impact of the company's activity.

One of the novelties of the Report were the interviews with Aqualia managers whose activity is directly involved in the subject matter of the strategic lines of the PESA, heading each chapter.

For its dissemination, different pieces were produced internally and externally, in physical and online format. A space was opened on the corporate website in Spanish and two others in Portuguese and French. The report was distributed and advertised on Aqualia's digital channels. A month before, a pre-launch campaign was carried out in X. In April, the report was presented to the Management Committee, the complete book was delivered and banners 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.

"The environmental axis is directly related to the essence of our work: the care and preservation of water through service to citizens," says Félix Parra, CEO of the company, in the interview that opens the report. In it, he stresses the importance of managing the water cycle efficiently to preserve the water resource.

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8.2.3. Strategic materiality. Listening process.

Through a process of active and continuous listening with stakeholders, Aqualia identifies the most relevant issues in environmental, social and governance matters. This exercise is repeated every year, generating initiatives that seek to maximise the positive impacts and minimise the negative ones.

The Strategic Materiality Study identifies and analyses aspects that serve to update the issues of interest to the relevant audiences identified. Based on the research of secondary sources such as the *Green Deal* or OECD and UNESCO documents, and interviews and surveys with internal (employees) and external stakeholders (public administrations, customers, users, suppliers, media, NGOs), the topics of interest are segmented by area (social, people, governance and environmental) and importance for the stakeholders and the company.

The recent European Sustainability Disclosure Directive (ESDD) and its European Sustainability Reporting Standards (ESRS) propose a more comprehensive approach to ESG performance and governance. For the first time, during 2023, Aqualia has constructed the first dual impact materiality matrix, which involves assessing the company's influence in terms of sustainability from two perspectives:

- Impact materiality. How sustainability-related corporate issues impact stakeholders and the environment.
- Financial materiality. How sustainability issues impact the company's financial performance and position.

8.2.4 Elaboration of the new Strategic Sustainability Plan

During the last half of the year, work was carried out on the preparation of Aqualia's Strategic Sustainability Plan 2024-26. The document has been drawn up taking into account:

- The requirements of AENOR in the latest revision and certification of the Strategic Sustainability Plan.
- Listening to employees following the communication and training of the SPFS 21-23
- Listening process carried out with all stakeholders.
- European and global regulation in all areas of sustainability.
- Voluntary reporting standards.
- Sustainability performance rating.

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The Plan has been elaborated jointly and in a cross-cutting manner, through sessions with the responsible teams to determine objectives and feasible actions and to establish homogeneous frameworks.

A draft proposal of PESA 24-26 was presented to Aqualia's ESG Committee in December. Once approved and agreed, the final document will be submitted for approval by Aqualia's Board of Directors in the first quarter of 2024.

8.2.5. Awareness raising

8.2.5.1. Environmental

For yet another year, Aqualia launched a new edition of the **Digital Children's Drawing Competition** on the *microsite* www.aqualyods6.com, an initiative that has been running for more than two decades. On this occasion, the main characters are accompanied by the *Sustainable Gang*, who embody everyday actions that help to care for the environment, and together they travel through different ecosystems. On the portal, 3rd and 4th grade children can learn about the SDGs as well as complete their drawing online. With this initiative, promoted in Spain and Colombia, Aqualia aligns itself with and supports academic institutions and public administrations while at the same time approaching SDG 4: "Quality Education". Throughout its history, nearly 300,000 students have already participated. **In 2023, the competition counted 7,932 entries and provided 4,100 hours of digital training.**

The promotion of the Sosteniblometro, the first sustainable habits meter for citizens, has also continued. Through an online *test*, available at sosteniblometro.com, citizens can measure how sustainable their daily actions are. Thanks to the data extracted, content was generated for the media, enabling positioning as a reference on sustainability issues. In June, on World Environment Day, Aqualia presented the conclusions of the 3rd Sustainable Behaviour Barometer; and in December, it published the data from the 4th Barometer.

On the occasion of **World Water Day** (22 March), Aqualia launched the message that companies specialising in water cycle management have a key role to play in improving efficiency and sustainability through the advancement of technology. Content was published in more than 30 print and digital media (8 national media and 21 regional headers).

On the occasion of **World Sanitation Day**, on 19 November, Aqualia focused on emphasising "your role is essential", pointing out the harmful effects of not taking care of the sanitation network. Aqualia resumed its actuaconaqualia.com initiative, appealing to citizens' commitment to make good use of the toilet and not use it as a wastepaper basket, through press releases, advertising graphics and social networks.

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At different times of the year, other campaigns were activated, such as World Environment Day and the eighth anniversary of the Sustainable Development Goals, launching the **#ComprometidODS campaign**.

Another example of environmental awareness was the participation in the **15th National Congress of Environmental Journalism**, organised by the Association of Environmental Journalists (APIA), which was held in Madrid under the slogan 'Water counts'. At the conference, held in October, different cases of communication in relation to water were presented. Juan Pablo Merino, Aqualia's Director of Corporate Communication and Sustainability, presented the paper "Ten days of working against the clock to solve the biggest water crisis in Castilla-La Mancha", in which he recounted the crisis caused by a damaged infrastructure in the flow of water from the Picadas reservoir to the Valmojado DWTP.

Another of the initiatives that Aqualia carried out at the local level were the **campaigns for responsible water use**, promoted in August due to the pressing drought that particularly affected the south of Spain. Numerous municipalities asked Aqualia to carry out awareness-raising actions: 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.

Other local initiatives were also launched. For example, in the case of the Ibiza 2023 Multisport World Championship, which became the first "zero waste" triathlon championship in the world, thanks to the innovative waste-free water system implemented by Aqualia at the refreshment posts. In this way, the athletes were supplied with more than 11,000 litres of water, avoiding the use of 35,000 plastic bottles. In Hellín (Castilla-La Mancha), Aqualia distributed cardboard cups and tap water for the Hellín "Ciudad de Hellín" Half Marathon. In Burgos, Aqualia donated 350 reusable water bottles so that researchers at the Atapuerca excavations could relieve their thirst in a sustainable way.

Other biodiversity-related initiatives included "The Tree of Life", also in Hellín (Albacete). In collaboration with the town council, more than 80 students were able to learn about the importance of caring for water and how to protect the environment by planting trees to form a forest around the Hellín WWTP.

Internationally, in Cordoba (Colombia), on the occasion of International Tree Day in October, 100 trees were planted in the municipalities of San Antero and Planeta Rica. Throughout the year, Aqualia planted more than 500 trees in similar actions in different parts of the country, reminding people of the importance of protecting green areas. In the same department, more than 1,000 river turtles were released in the municipality of Lorica. In Italy, Caltaqua signed an agreement with the Zero CO2 association with the aim of reducing CO2 emissions by planting trees and at the same time helping families in Tanzania.

Aqualia's activity incorporates, in itself, the concept of sustainability, and has been reflected in numerous actions implemented. For example, **the inauguration of the largest industrial water**

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treatment plant in Southern Europe in Tarragona (AITASA), which was attended by Juan Luis Castillo, Director of Zone II; Santiago Lafuente, Director of Spain; and Felix Parra, CEO of Aqualia. This facility regenerates water from the Tarragona and Vila-seca WWTPs for reuse in industry. One of the local highlights was the **visit to the Toledo WWTP by Javier Ariza, the general director of Circular Economy of Castilla La-Mancha**. In addition, other circular economy projects in the region were presented during this visit, such as **Life Answer** (Alovera brewery), **Life Memory** (Alcázar de San Juan WWTP) and **Life Intext** (Talavera de la Reina WWTP).

The inauguration of the photobiorefinery of the Deep Purple project took place at the Linares wastewater treatment plant. The event was attended by the mayoress of Linares, M^a Auxiliadora Del Olmo, and the Secretary of State for the Environment, Hugo Morán, among other authorities. This initiative purifies water using purple bacteria and its main objective is to use wastewater as an energy resource through the generation of bioproducts.

On the other hand, the **results of the RE - CARBON project were presented at Aqualia's offices in Oviedo**. [This research](#) has been carried out since 2019 in three Asturian facilities: the Grado WWTP, the Luarca WWTP and the Entralgo DWTP. It is a circular economy initiative to test the technical and economic feasibility of the regeneration of spent activated carbon and the production of *biochar* (charcoal) to reduce waste, the consumption of raw materials and promote energy savings.

8.2.5.2. Social

Aqualia develops and participates in initiatives to raise awareness of equality and diversity. On **International Women's Day** (8 March), under the slogan "Inspiring and real", Aqualia encouraged users to share their female role models. The campaign was developed through the [aqualiaigualdad.com](#) website. Aqualia collaborated with the preparation of the report "#Empleoparatodas: women at risk of social exclusion in the world of work" together with the Adecco Foundation.

On the occasion of **World Day Against Gender Violence**, on 25 November, Aqualia launched a new initiative on the [aqualiacontigo.com](#) website, under the slogan "Faced with gender violence, drops of solidarity". The financial support provided by Aqualia is dedicated to a project of the Adecco Foundation aimed at the integration of women in different complicated situations into the labour market: the 'Camp for Employment' 2024. In this camp, several of the workshops were developed by the People and Culture department. In 2023, thanks to this campaign, Aqualia contributed to the training of 15 women through a training and job orientation workshop.

Aqualia collaborates in promoting employment for women at risk of exclusion within the Adecco Foundation's "Women's Programme". A group of 26 **women at risk of exclusion**, some of them victims of gender violence, visited the Aqualia Contact customer service centre in Madrid.

Aqualia has maintained the **agreement with Caritas**, in force since 2016, by which it donates to the NGO the amount of the water bills of the centres located in the towns where it provides service. In

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2022, this amount totalled more than 62,000 euros, benefiting more than 25,000 vulnerable people or those at risk of exclusion. The alliance between was articulated through 143 centres in 42 towns.

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.**

This year, the 2022-2023 edition of the **Community Grants Programme of the Australian fund IFM Investors** selected two Aqualia projects in collaboration with local NGOs in Spain and Colombia. The programme, which supports associations that promote social or environmental initiatives in different communities, will provide a grant to both. One of them will be developed in Galicia through an agreement with Asperga (Galician Asperger's Association), with the aim of promoting the employment of two people with Asperger's syndrome. The other will consist of the supply and installation of filters to improve water quality for 1,800 people in rural communities in Colombia, in collaboration with the Rotary E-Club association.

In the area of diversity, Aqualia supported inclusion through the **employment of people with disabilities** in Tomelloso (Ciudad Real) and San Juan del Puerto (Huelva). The company recently launched two initiatives to hire people with different disabilities. One of them in San Juan del Puerto (Huelva), with the Asociación de Jóvenes Especiales de Moguer-Abriendo Puertas, and the other in Tomelloso (Ciudad Real) with the Cadisla Foundation.

Aqualia continues to promote equality between men and women, which is why this year saw the **first meeting of the AqualiaWomen network**, the internal network to promote professional development that aims to consolidate the commitment to equality and diversity.

The company is involved with the communities in which it provides services, also at a cultural level. In Catalonia, Aqualia supported the Sant Jordi Díada in Lleida, on the occasion of the Book Day festival. The company placed 76 banners with the slogan "**Water and culture, essential**".

8.2.5.3. Governance

Aqualia acts to achieve its sustainable business objectives and establishes mechanisms to take responsibility for the impact that its decisions have on sustainability. For this reason, the company reports on its decisions and activities through reports, giving information on sustainability as much weight as financial information. This results in documents such as the **Sustainability Report**.

The 2022 Sustainability Report covers Aqualia's economic, environmental and social performance, with complete quantitative and qualitative information. It includes all the strategic lines of its Strategic Sustainability Plan 2021-23 (PESA), with its indicators, their evolution and the SDGs where they have an impact. Through the Strategic Sustainability Plan (PESA) 2021-2023, Aqualia addresses its commitment to sustainability and defines its strategies and priority lines of action. And as a basis for establishing the axes and commitments of the Strategic Sustainability Plan, Aqualia uses its **Strategic Materiality Study**.

At corporate level, Aqualia continues to focus on continuous improvement without losing sight of the principles of **transparency**. This is one of the examples that has motivated the migration of the local

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web portals to a new format, mentioned above. In order to adapt to the recent Directive (EU) 2020/2184 on the quality of water intended for human consumption, Aqualia is working on the migration of the "Citizen Information" portals to a new format that complies with the regulation and even extends it in certain aspects.

The company seeks to continue to contribute to the objectives of health and wellbeing, equality and diversity, and decent and healthy employment, which it reflects in every internal and external communication and campaign. The Corporate Communications and Sustainability department draws its communications on these bases. It also does so at the level of ethics and regulatory compliance, transmitting its culture of ethical values through internal communication. A clear example of this is the dissemination of **Compliance Tips**, the periodic sending of small information pills to all Aqualia's staff about the main *Compliance* policies.

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9. REGULATORY COMPLIANCE

The Compliance Department has continued to work on the deployment of the Compliance Model in new companies included in the perimeter in Colombia (through the implementation of the SAGRILAF program, on the prevention of money laundering, and PTEE, on transparency and ethics), Saudi Arabia and France, thereby achieving the implementation of the Code of Ethics and Conduct and corporate policies in the new companies. Likewise, work has continued to ensure that a *Compliance* model is made available to several joint ventures in which Aqualia has a shareholding with different Spanish Public Administrations.

Following the implementation of the Compliance Model in the company *Georgian Global Utilities JSC*, during 2023, specific control and process owners have been appointed to be responsible for the execution of these controls in order to mitigate the main compliance risks in its activity and that of its Georgian subsidiaries. During this year, for Aqualia's activity in Georgia, the aforementioned self-assessment on the execution of controls and processes has been carried out through the corresponding owners. This self-assessment has also been carried out in the rest of Aqualia's geographical areas in the same way as usual in recent years, and monitoring has also been carried out by the Compliance department to verify the correct application of the controls.

From the third line of defence, for yet another year, FCC's Internal Audit Department has carried out a review of the Compliance Model, where the continuous evolution of the *Compliance* Management System within Aqualia has been verified.

9.1. *Compliance* policies and procedures

As a result of the entry into force in Spain of Law 2/2023, of 20 February, regulating the protection of persons who report regulatory infringements and the fight against corruption, an adaptation was made to the different rules of the Compliance Model that were affected by the requirements of this law and which were duly approved by Aqualia's Board of Directors. In other European jurisdictions, similar legislation has also been approved in 2023 as a result of the transposition of the Directive in this area, which, in most cases, have been covered by the adaptations made by Aqualia's parent company.

In addition, a new reporting procedure for the compliance function was approved, which establishes the criteria to be followed by the *Compliance Officers* and local *compliance* coordinators by country and region to make periodic reports and a protocol on management of conflicts of interest applicable to the entire organisation.

9.2. Training and awareness raising

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The launch of online training on the Code of Ethics and Conduct in the Czech Republic, Italy, Portugal, France, Colombia, Mexico, Peru, Chile, Saudi Arabia, United Arab Emirates and Egypt, following on from last year's course in Spain, was a major milestone in the training plan, as the course has been adapted and translated into the predominant languages in each of these countries, to convey the ethical principles and values that should guide the conduct of Aqualia's employees.

Also in 2023, job-specific online training was provided to employees of Aqualia's activity in each of the countries listed above, and also for Spain, on conflicts of interest in which the different types of conflicts of interest were explained and practical cases were provided to identify the existence of possible conflicts of interest.

New employees joining the company receive training on the Code of Ethics and Conduct and, depending on their positions, on international standards to prevent the commission of corruption offences and their concrete application in the organisation.

In Colombia, specific training has been carried out on the SAGRILAF and PTEE systems and in Italy on the update of the Organisation and Management Model based on Legislative Decree 231/2011.

As part of the continuous awareness-raising of the workforce, various *Video Compliance Tips* recorded by the *Chief Compliance Officer* and the rest of the *Compliance Officers* and local *Compliance* coordinators have been launched. Through them, messages have been conveyed about the *Compliance* culture, the new whistleblower protection regulation, the due diligence procedure with third parties, what influence peddling is, how the Ethics Channel works, how to preserve the company's assets and the ethical commitment in the daily practice of employees.

9.3. Risk assessment, controls and monitoring

Due to the inclusion, in 2023, in the Spanish Criminal Code of new offences that may trigger the criminal liability of the legal person, such as animal abuse, the *Compliance* risk analysis has been revised to take into account this new regulation. Similarly, the risk analysis for Aqualia's activity in Italy has been updated due to the introduction of new offences for which companies may be liable (payment instruments other than cash, offences against cultural and landscape heritage).

Once again, two self-assessments of the implementation of controls were carried out by the control and process owners, allowing the level of implementation of these controls to be determined, as well as possible improvements to be made based on the information provided by the owners. In addition, in 2023, the Aqualia companies operating in the Republic of Georgia and the Czech subsidiaries Vodotech and Aqualia Infraestructuras Inženýring were included in the self-assessment of controls and processes.

The correct effectiveness of the execution of the controls is verified through the monitoring carried out by the *Compliance* department as a second line of defence in risk mitigation.

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For the mitigation of risks, the second line of defence monitoring carried out by the *Compliance* department is particularly relevant, *in which the* processes identified in Aqualia's activity are analysed by sampling the evidence that demonstrates the execution 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. During 2023, the execution of 45 controls carried out by more than 220 control owners was analysed. It has been observed that there has been a strengthening both in the execution of the controls and in the evidence of their execution, strengthening the storage of this evidence to make it more accessible to the different areas of the organisation responsible for their execution, verification, supervision and auditing.

9.4. Compliance Due Diligence with Third Parties

The due diligence procedure for third parties in terms of *compliance* has been updated during 2023 to include the assumptions for reviewing the risk of those third parties that continue to have relations with Aqualia. Depending on whether the risk determined at the time of the due diligence was low, medium or high, the analysis will be reviewed every three years, every two years or every year, respectively, in order to monitor whether there are changes in the level of risk and if, in the worst case, the mitigation plans with the third party need to be reinforced to reduce Aqualia's exposure to risk.

At year-end 2023, 83 internal requests were received at corporate level to analyse third parties. Of the final assessment reports issued by the Compliance Department, 12% of the third parties were classified as high risk, 55% as medium risk and 33% as low risk. Depending on the risk levels, mitigation measures are applied and, subsequently, the correct implementation of these measures is monitored.

9.5. Ethical Channel (*Whistleblowing line*)

Up to 31 December 2023, a total of 68 alerts have been received in the Ethics Channel on matters related to labour issues (25%), customer management (19%), conflict of interest (4%), improper use of company resources (4%), harassment (3%), internal fraud (2%) and other issues such as technical management, works management and organisational issues, which make up a total of 6%. In addition, 37% of the alerts have been considered as not relevant because they are customer queries, complaints or claims that have to be managed through *aqualia contact* or for other reasons that mean that they should not be considered as alerts for the purposes of the Ethical Channel.

By country, 60% of the alerts refer to activity in Spain, but they have also been received from Portugal (16%), Czech Republic (7%), Mexico (6%), Colombia (3%), Georgia (3%), France (3%) and Saudi Arabia (2%), which shows that the Ethical Channel is increasingly known in the international jurisdictions in which Aqualia operates.

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Those alerts that are classified as high or medium risk are analysed in detail and, if necessary, an investigation is launched to clarify the facts and, if necessary, addressed through an action plan for the improvement of internal control.

10. DIGITALISATION AND CYBERSECURITY

10.1. Digitisation

Aqualia has continued its commitment to digitalisation as a key tool for achieving its objectives in terms of sustainability, efficiency, improved service to citizens and transparency, all of which, together with detailed analysis of the data managed, allows us to make clear improvements in decision-making as a company for the benefit of citizens.

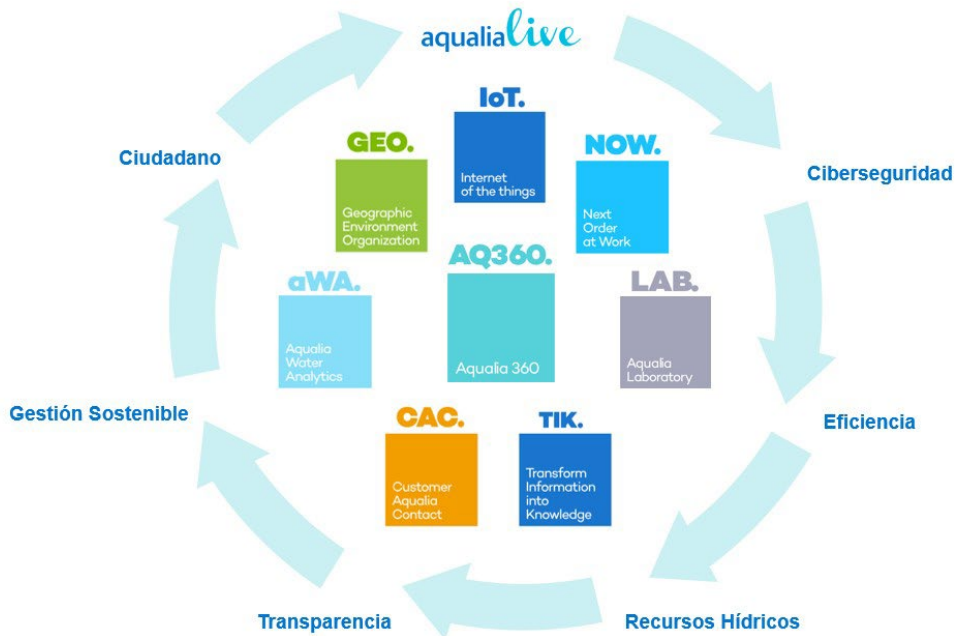
Aqualia Live is our platform designed and created by Aqualia experts with the *know-how* of the integral water cycle and technology at the same time. In other words, it is designed by people "from water and for water".

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 the treatment and reuse of the water.

The year 2023 was the year of consolidation of the *Aqualia Live* platform.

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NOW, the application of field services, has made it possible to transfer business operations to the field (from the complete management of work orders, through the reading of our meters to the survey of our inventory of network elements in the field), gaining efficiency and guaranteeing the direct flow of information from where it is produced to our central systems, providing feedback.

It is worth noting that the dynamic assignment of work orders to the nearest trained operator reduces or eliminates travel, saving fuel and reducing CO emissions², eliminating paper (more sustainable) and improving response time and quality of information, thus increasing operational efficiency, which results in better service.

GEO, the geographic information system, has made it possible to carry out a survey of georeferenced network elements in order to identify them and carry out a more precise hydraulic modelling of the network which, combined with the volumes of water distributed, flow rates and pressures, has made it possible to reduce breakdowns in the network, know the age of the water and provide the city with the necessary water at all times, optimising consumption to the maximum given the scarcity in some areas.

A project has been started for automatic remote sensing of urban elements using Artificial Intelligence that will enable rapid and precise identification by 2024 through image analysis of swimming pools, green areas, differentiation of land types, etc. with the aim of making progress in improving water efficiency.

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LAB, the water quality management application, enables compliance with the new European water quality regulations, transposed into Royal Decree 3/2023, of 10 January, which establishes the technical and sanitary criteria for the quality of drinking water, its control and supply. This application will be consolidated over the course of 2024 throughout Aqualia's integral management of the water cycle.

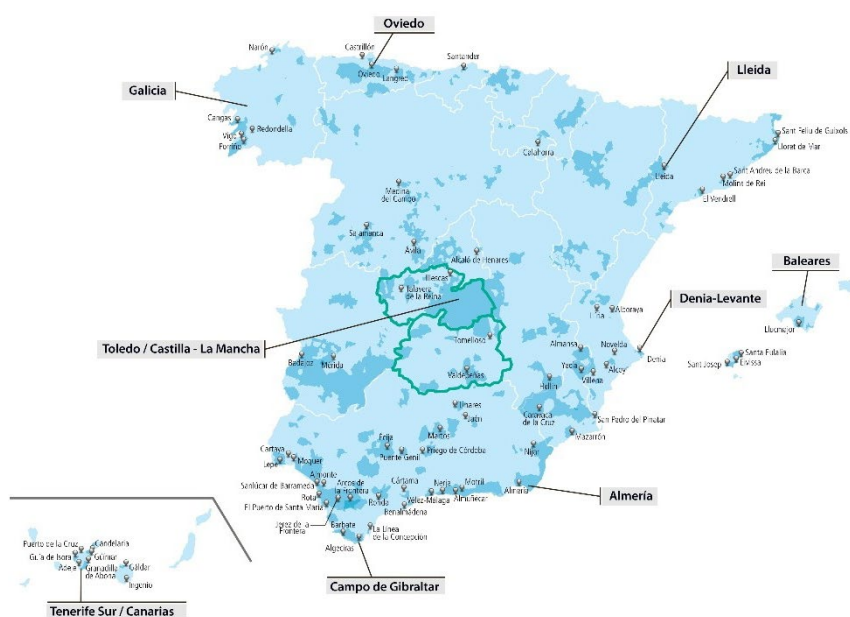
AWA, the brain of the platform that collects and analyses large volumes of information for intelligent decision making, has enabled in 2023 the consolidation of early leak detection thanks to the information obtained from the supply network in real time IoT, which together with local meteorology, network sectorisation and other external factors, makes it possible to identify possible leak points and send them to NOW for verification in the field. 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 less use of electricity and reagents. This is a clear example of how technology is a great ally of sustainability.

In addition to this, during 2023, the plan to deploy remote metering meters in customers has continued, with almost 400,000 reached. All of them consolidated in AWA, which allows them to be agnostic to the communication technology (NBloT, LoraWAN, WMBUS) and the meter manufacturer. This has allowed us to analyse millions of data and, thanks to *Big Data*, *Machine Learning* and Artificial Intelligence, detect a series of patterns, generating early alerts to end customers, such as leaks, absence of consumption, consumption in unidentified periods (squatter alerts), etc. This has allowed us to provide customers with more information, and to be sustainable and transparent in our management. The same strategy will continue in 2024, consolidating Aqualia's technological position.

During 2023, we have continued to incorporate Operations Centres that use the full *Aqualia Live* platform, helping the municipalities to standardise their operations and ensure compliance with the standards of Aqualia's commitments to the different municipalities and providing a common visibility that facilitates a sustainable, efficient and uniform operation on a regional basis.

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Finally, during 2023 Aqualia has created regional logistics centres in Salamanca, Valdepeñas, Oviedo and Vigo with the aim of efficiently managing the materials and services necessary for Aqualia's operations in the different municipalities, with the purpose of guaranteeing the availability of critical materials at all times in the municipalities under its influence, managing more efficient purchases and avoiding additional journeys. All this is possible thanks to **NOW**, where, supported by technology, it is possible to control these logistics centres with high precision and integrating the solutions with Aqualia's main suppliers of materials. During 2024, the creation of these regional logistics centres will be continued.

At the international level, the concessions in France continue to work with *Aqualia Live* and the new concessions in Colombia have started to work with Aqualia Live in the second half of 2023.

Finally, Aqualia has prepared for the PERTE, both in its first phase of demonstration projects and in its second, more generalised phase, always focused on the digitalisation of water and maintaining the same technological strategy that the company has been following in recent years.

10.2. Cybersecurity

It is very important to make a great effort in terms of cybersecurity, given the high degree of exposure to cyber-attacks, the growing and more evolved threats, the vulnerabilities involved in all the

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necessary progress and digitalisation in itself and the risks or probabilities of a critical event occurring with the reputational, economic, tangible and intangible losses that this entails.

During 2023, risk management and analysis was carried out by detecting the assets to be protected, assessing the risks periodically in order to prevent incidents and reduce or mitigate them. The objective of this process is to identify, analyse, measure and manage the risks associated with information security, implementing the necessary cybersecurity measures and controls to continue protecting Aqualia's assets and therefore the availability of information for employees, customers and the availability of our water resources and the development of highly critical, specialised projects with a high organisational and social impact.

In 2023, work has started on strategic IT/OT and cybersecurity plans specifically, reinforcing perimeter security, monitoring and traceability of access.

At the same time, in 2023, cybersecurity is being taken into account transversally with training awareness for people working in all Aqualia's business lines and for users of the infrastructures at national and international level.

Aqualia also adapts to the Regulatory Agents and good practice guides on Cybersecurity. In 2023, a compliance audit was carried out on the security dimensions, covering availability, authenticity and integrity of ISO/IEC 27001:2014. Work is underway to upgrade to the most recent version, ISO/IEC 27001:2022, with several changes to be addressed following the new paradigms of this international standard that establishes the requirements for an information security management system (ISMS) in line with three pillars: information, cybersecurity and privacy protection.

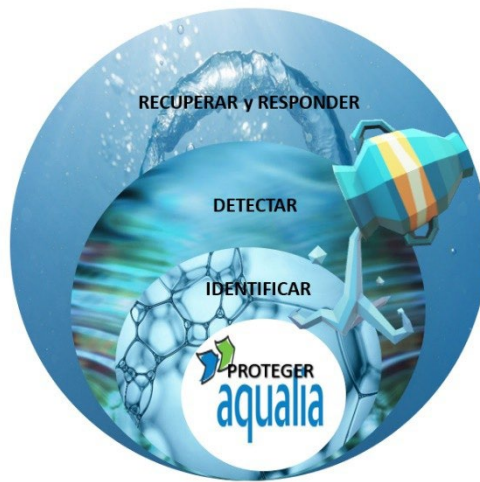
The National Security Scheme (NSS) provides and analyses an excellent insight into the desired objectives as a scoping scenario in Aqualia's roadmap.

In order to achieve the objectives of improving IT security (including the qualification of information and its protection) and cybersecurity, the company must comply with the regulations governing cybersecurity, and to this end the company remains active and attentive to all new regulations that are developed both nationally and internationally.

In this year 2023, the US Department of Commerce agency is considered as a driver of innovation and industrial competitiveness by advancing measurement science, standards and technologies in ways that improve economic security and quality of life. In line with the guidelines and best practice guidelines outlined by the US National Institute of Standards and Technologies (NIST), these guidelines are followed as shown in Figure 1.

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In 2023 there has been an incipient analysis of a "living" draft document of the national and international roadmap for compliance with the European NIS Directive in its current version NIS v2 which establishes obligations regarding the exchange of cybersecurity information, as well as oversight and enforcement obligations of Member States (including many of the countries in which we have critical infrastructure sites and information office sites).

In 2023 for cyber security compliance, the ISA/IEC 62443 security framework is being followed as standards and technical reports to be followed that define the requirements and processes for secure industrial automation and control systems (IACS). It aims to achieve best practices for OT security and achieve a better level of security performance with a holistic approach, bridging the gaps between operations and IT, as well as process security and cyber security, establishing cyber security benchmarks with an in-depth analysis of the current paradigm.

By the end of 2023, an effort is being made to address the implementation of more homogeneous and strengthened security architecture approvals for each of Aqualia's scenarios.

Finally, targets are set for 2023 to also give higher value in technical procurement to suppliers that have optimal security capabilities with Cybersecurity Regulatory Compliance and whose certifications are in line with: ISO/IEC 27001:2014 and ISO/IEC 27001:2014, the ENS (in any of its aspects: basic, medium or/and high), NIS v1 and NIS v2 and ISA/IEC 62443.

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11. 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 2023 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 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.

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The Consolidated Annual Accounts and Directors' Report of FCC Aqualia, S.A. for the year ended 31 December 2023 were drawn up by the directors of the Company on 12 March 2024, and are identified by the fact that they are printed on 101 sheets, on both sides, of Government stamped paper series 00 numbers 5234340 to 5234440 inclusive, and are signed, in proof of conformity, on the sheet of Government stamped paper series 00 number 5234441.

President

D. Alejandro Aboumrad González

Vice-President

Member

D. Nicolás Villén Jiménez

D. Lars Bespolka

Member

Member

D. Pablo Colio Abril

D. Scott Longhurst

Member

Member

D. Gerardo Kuri Kaufmann

Mr. Juan Rodriguez Torres