

**Audit Report on Annual Accounts
issued by an Independent Auditor**

**FCC AQUALIA, S.A.
Annual Accounts and Director' Report
for the year ended
December 31, 2022**



AUDIT REPORT ON 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 25)

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

Opinion

We have audited the financial statements of FCC Aqualia, S.A. (the Company), which comprise the balance sheet as at December 31, 2022, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

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

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

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

Most relevant audit issues

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

Recognition of unbilled accrued revenue from water supply contracts

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

"Trade and other receivables" on the balance sheet as at December 31, 2022 includes 49.695 thousands of euros relating to unbilled revenue recognized as revenue from this service at the relevant reporting date.

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

Given the complexity of making the estimates to determine customer consumption referred to above, and due to the relevance of the amount unbilled recognized as revenue as at December 31, 2022, we determined this to be a most relevant audit issue.

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

Our response

In relation to this matter, our audit procedures included:

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

Other information: directors' report

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

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

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

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the directors' report is consistent with that provided in the 2022 financial statements and its content and presentation are in conformity with applicable regulations.

Directors' responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

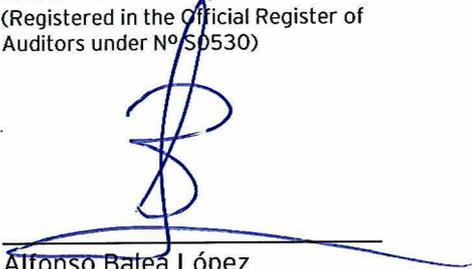
- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

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

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

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

ERNST & YOUNG, S.L.
(Registered in the Official Register of
Auditors under N° 50530)



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

March 17, 2023

FCC Aqualia, S.A.

FINANCIAL STATEMENTS AND DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL ACCOUNTS

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

- Memory

MANAGEMENT REPORT



FCC Aqualia, S.A.

BALANCE SHEETS AS AT 31 DECEMBER 2022 AND 2021

(Thousands of Euros)

ACTIVE	Notes from the Memory	Exercise 2022	Exercise 2021
NON-CURRENT ASSETS		2.475.683	1.910.392
Intangible assets	Note 5	484.835	491.076
Development		-	14
Concessions		446.928	444.816
Concession agreements financial activation		12.140	12.851
Goodwill		24.829	33.106
Other intangible assets		938	289
Tangible fixed assets	Note 6	61.796	53.069
Land and buildings		1.805	1.870
Technical installations and other tangible fixed assets		59.430	51.049
Fixed assets under construction and advances		561	150
Investments in group and associated companies long-term		1.821.385	1.254.225
Equity instruments	Note 7.1	778.114	357.265
Loans to companies	Note 7.2 and 8	1.043.271	896.960
Long-term financial investments	Note 8	94.067	96.140
Equity instruments		10.167	10.167
Loans to third parties		57.080	62.946
Other financial assets	Note 8.3	26.820	23.027
Deferred tax assets	Note 16	13.600	15.882
CURRENT ASSETS		570.267	830.162
Stocks		18.966	22.036
Commercial		1.099	761
Raw materials and other supplies		14.376	12.078
Advances to suppliers		3.491	9.197
Trade and other receivables		249.337	207.227
Customers for sales and services	Note 10.1	135.969	124.982
Customers, group companies and associates	Note 10.2	67.252	49.740
Staff		222	182
Sundry debtors		8.068	5.299
Current tax assets	Note 16	566	274
Other receivables from general government	Note 16	37.260	26.750
Short-term investments in group and associated companies	Note 9	132.526	83.066
Loans to companies	Note 9.1	124.531	72.619
Other financial assets	Note 8.3	7.995	10.447
Short-term financial investments	Note 9	17.611	23.901
Loans to third parties	Note 9.2	12.691	10.015
Other financial assets	Note 8.3	4.920	13.886
Short-term accruals		2.488	1.865
Cash and cash equivalents	Note 11	149.339	492.067
Treasury		149.339	492.067
TOTAL ASSETS		3.045.950	2.740.554

The accompanying Notes 1 to 25 are an integral part of the Financial Statements for 2022.



FCC Aqualia, S.A.

BALANCE SHEETS AS AT 31 DECEMBER 2022 AND 2021

(Thousands of Euros)

EQUITY AND LIABILITIES	Notes from the Memory	Exercise 2022	Exercise 2021
NET WORTH	Note 12	691.710	603.975
OWN FUNDS		684.379	596.233
Capital		145.000	145.000
Assessed capital		145.000	145.000
Share premium		79.481	79.481
Reservations		341.302	296.863
Legal and statutory		29.000	29.000
Other reservations		312.302	267.863
Result for the year		118.596	74.889
Adjustments for changes in value		4.978	4.978
GRANTS, DONATIONS AND LEGACIES	Note 13	2.353	2.764
Grants, donations and legacies received		2.353	2.764
NON-CURRENT LIABILITIES		1.914.501	823.461
Long-term provisions	Note 14	120.137	123.905
Long-term employee benefit obligations		144	129
Other provisions		119.993	123.776
Long-term debts	Note 15	1.788.274	690.532
Bonds and other marketable securities		648.284	647.924
Amounts owed to credit institutions		1.095.830	-
Other financial liabilities		44.160	42.608
Deferred tax liabilities	Note 16	2.697	5.445
Long-term accruals	Note 17	3.393	3.579
CURRENT LIABILITIES		439.739	1.313.118
Short-term provisions	Note 14	7.732	7.085
Short-term debts	Note 15	27.255	927.424
Current bonds and debentures, third parties		-	699.625
Interest on bonds, debentures and other securities neg.		9.691	15.301
Amounts owed to credit institutions		1.010	200.450
Other financial liabilities		16.554	12.048
Current payables to group companies and associates	Note 15.3	78.582	50.427
Trade and other payables	Note 15	322.811	324.856
Suppliers		115.313	115.785
Suppliers, group companies and associates	Note 15.4	26.476	19.248
Sundry creditors		85.118	93.309
Staff		3.978	2.923
Current tax liabilities	Note 16	4.998	7.043
Other debts to public administrations	Note 16	78.687	73.719
Customer advances		8.241	12.829
Short-term accruals		3.359	3.326
TOTAL EQUITY AND LIABILITIES		3.045.950	2.740.554

The accompanying Notes 1 to 25 are an integral part of the Financial Statements for 2022.



FCC Aqualia, S.A.
PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2008
ENDED 31 DECEMBER 2022 AND 2021
(Thousands of Euros)

	Notes from the Memory	Exercise 2022	Exercise 2021
CONTINUING OPERATIONS			
Net turnover	Note 19.1	815.879	759.564
Sales		815.879	759.564
Change in stocks of finished goods and work in progress		-	23
Work carried out by the company for its assets		1.557	1.448
Procurement	Note 19.3	(333.328)	(277.281)
Consumption of goods		(96.909)	(90.377)
Consumption of raw materials and other consumables		(128.684)	(99.624)
Work carried out by other companies		(107.735)	(87.280)
Other operating income		30.128	36.203
Ancillary and other current revenues		13.331	12.886
Operating subsidies included in profit or loss for the year	Note 13	16.797	23.317
Staff costs		(230.245)	(216.327)
Wages, salaries and similar		(169.387)	(159.095)
Social charges	Note 19.7	(57.511)	(54.806)
Provisions		(3.347)	(2.426)
Other operating expenses		(144.356)	(148.006)
External services	Note 19.4	(131.899)	(136.040)
Tributes		(6.339)	(4.239)
Losses, impairment and changes in provisions for trading operations	Note 19.11	(3.513)	(4.591)
Other current administrative expenditure	Note 19.12	(2.605)	(3.136)
Depreciation of fixed assets	Notes 5 and 6	(66.201)	(62.562)
Allocation of grants for non-financial fixed assets and others	Note 13	521	423
Excess provisions		20.478	4.456
Impairment and gains/losses on disposal of fixed assets		(1.338)	1.791
Gains/losses on disposals and other		(1.338)	1.791
OPERATING INCOME		93.095	99.732
Financial income		43.585	38.485
Marketable securities and other financial instruments		43.585	38.485
- In group and associated companies	Note 19.2	39.075	34.631
- In third parties		4.510	3.854
Financial expenses		(35.926)	(32.581)
Payable to group and associated companies	Notes 15 and 19.2	(106)	(248)
For debts owed to third parties	Note 15	(33.633)	(30.380)
For updating provisions		(2.187)	(1.953)
Exchange rate differences	Note 19.9	(9.323)	1.317
Impairment and gain or loss on disposal of financial instruments	Note 19.10	44.889	(9.705)
Impairments and losses		44.889	(9.705)
FINANCIAL RESULT		43.225	(2.484)
PROFIT BEFORE TAX		136.320	97.248
Profit tax	Note 16	(17.724)	(22.359)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		118.596	74.889
RESULT FOR THE YEAR		118.596	74.889

The accompanying Notes 1 to 25 are an integral part of the Financial Statements for 2022.



FCC Aqualia, S.A.
RELATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021
(thousands of euros)

A) STATEMENT OF RECOGNISED REVENUE AND EXPENDITURE FOR THE YEARS ENDED 31 DECEMBER 2022 and 2021

	Note from the report	2022
A) Profit and loss account result		118.596
Income and expenses recognised directly in equity		
III. Grants, donations and legacies received	13	-
V. Tax effect		-
B) Total income and expenses recognised directly in equity		-
Transfers to the profit and loss account		
VI. For valuation of financial instruments		-
1. Financial assets at fair value		-
VIII. Grants, donations and legacies received	13	(521)
IX. Tax effect		109
C) Total transfers to the profit and loss account		(412)
TOTAL RECOGNISED INCOME AND EXPENDITURE (A + B + C)		118.184

	Note from the report	2021
A) Profit and loss account result		74.889
Income and expenses recognised directly in equity		
III. Grants, donations and legacies received	13	6
V. Tax effect		(1)
B) Total income and expenses recognised directly in equity		5
Transfers to the profit and loss account		
VI. For valuation of financial instruments		(233)
1. Financial assets at fair value		(233)
VIII. Grants, donations and legacies received	13	(423)
IX. Tax effect		104
C) Total transfers to the profit and loss account		(552)
TOTAL RECOGNISED INCOME AND EXPENDITURE (A + B + C)		74.342

The accompanying Notes 1 to 25 are an integral part of the Financial Statements for 2022.



FCC Aqualia, S.A.
RELATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021
(THOUSANDS OF EUROS)

(B) STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

	CAPITAL (Note 12)	ISSUANCE PREMIUM (Note 12)	RESERVES (Note 12)	RESULT FOR THE YEAR	TOTAL OWN FUNDS	VALUE ADJUSTME NTS	SUBSIDIES (Note 13)	TOTAL
BALANCE AT 31 DECEMBER 2020	145.000	79.481	246.390	112.365	583.236	5.211	3.078	591.525
I. Total recognised income and expenditure	-	-	-	74.889	74.889	(233)	(314)	74.342
II. Transactions with partners or owners	-	-	(61.892)	-	(61.892)	-	-	(61.892)
(-) Dividend distribution	-	-	(60.000)	-	(60.000)	-	-	(60.000)
(+) Other changes in equity	-	-	(1.892)	-	(1.892)	-	-	(1.892)
III. Implementation of the result	-	-	112.365	(112.365)	-	-	-	-
BALANCE AT 31 DECEMBER 2021	145.000	79.481	296.863	74.889	596.233	4.978	2.764	603.975
I. Total recognised income and expenditure	-	-	-	118.596	118.596	-	(412)	118.184
II. Transactions with partners or owners	-	-	(30.450)	-	(30.450)	-	-	(30.450)
(-) Dividend distribution	-	-	(30.450)	-	(30.450)	-	-	(30.450)
(+) Other changes in equity	-	-	-	-	-	-	-	-
III. Implementation of the result	-	-	74.889	(74.889)	-	-	-	-
BALANCE AT 31 DECEMBER 2022	145.000	79.481	341.302	118.596	684.379	4.978	2.352	691.709

The accompanying Notes 1 to 25 are an integral part of the Financial Statements for 2022.



FCC Aqualia, S.A.

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(THOUSANDS OF EUROS)

	Note from the report	2022	2021
(A) CASH FLOWS FROM OPERATING ACTIVITIES OPERATING ACTIVITIES			
1. Profit for the year before tax		136.320	97.248
2. Adjustments to the result		(20.446)	38.458
a) Depreciation of fixed assets (+)	5 y 6	66.201	62.561
b) Valuation adjustments for impairment (+/-)		(45.040)	8.129
c) Change in provisions (+/-)		(18.763)	(1.744)
d) Imputation of subsidies (-)	13	(521)	(423)
e) Results from retirements and disposals of fixed assets (+/-)		300	976
f) Financial income and dividends (-)		(67.871)	(62.305)
g) Financial charges (+)	19.8	35.925	32.581
h) Exchange rate differences (+/-)	19.9	9.323	(1.317)
i) Change in fair value of financial instruments(+/-)		-	-
3. Changes in working capital		(40.596)	(128.277)
a) Inventories, other receivables and current assets (+/-)		(33.209)	(106.373)
b) Other current assets (+/-)		(575)	49
c) Creditors and other accounts payable (+/-)		(9.612)	(20.072)
d) Other current liabilities (+/-)		2.986	(1.696)
e) Other non-current assets and liabilities (+/-)		(186)	(185)
4. Other cash flows from operating activities		11.082	12.594
a) Interest payments (-)		(35.479)	(28.058)
b) Dividend receipts (+)		27.082	24.472
c) Interest receipts (+)		38.184	35.778
d) Income tax receipts (payments) (+/-)		(18.705)	(19.598)
e) Other payments (receipts) (+/-)		-	-
5. Cash flows from operating activities (+/--1+/-2+/-3+/-4)		86.360	20.023
(B) CASH FLOWS FROM INVESTING ACTIVITIES INVESTING ACTIVITIES			
6. Payments for investments (-)		(704.773)	(100.343)
a) Group companies and associates		(621.453)	(31.100)
b) Intangible assets and tangible fixed assets		(54.063)	(38.311)
c) Other financial assets		(29.257)	(30.696)
d) Other assets		-	(236)
7. Divestment proceeds (+)		82.838	56.951
a) Group companies and associates		40.390	30.771
b) Intangible assets and tangible fixed assets		278	207
c) Other financial assets		41.463	25.973
d) Other assets		707	-
8. Cash flows from investing activities (7-6)		(621.935)	(43.392)
(C) CASH FLOWS FROM FINANCING ACTIVITIES FINANCING ACTIVITIES			
9. Proceeds and payments for equity instruments		-	3.106
a) Issuance of equity instruments (+)		-	-
b) Grants, donations and legacies received (+)		-	3.106
10. Receivables and payments for financial liability instruments		225.009	198.927
(a) Issue		1.664.773	272.632
1. Bonds and other negotiable securities (+)		735	1.120
2. Amounts owed to credit institutions (+)		1.622.496	222.365
3. Payable to group and associated companies (+)		36.717	46.876
4. Other debts (+)		4.825	2.271
(b) Repayment and amortisation of		(1.439.764)	(73.705)
1) Debt securities and other marketable securities (-)		(700.000)	-
2) Amounts owed to credit institutions (-)		(726.667)	(22.364)
3) Payable to group and associated undertakings (-)		(10.546)	(50.438)
4) Other debts (-)		(2.551)	(903)
11. Payments for dividends and remuneration of other equity instruments		(30.450)	(60.000)
12. Cash flows from financing activities (+/--9+/-10-11)		194.559	142.033
(D) EFFECT OF EXCHANGE RATE CHANGES		(1.712)	38
(E) NET INCREASE IN CASH OR CASH EQUIVALENTS (+/--5+/-8+/-12+/-12+/-D)		(342.728)	118.702
Cash or cash equivalents at beginning of the year		492.067	373.365
Cash or cash equivalents at end of year		149.339	492.067

The accompanying Notes 1 to 25 are an integral part of the Financial Statements for 2022.

FCC AQUALIA, S.A.

Annual Report for the year ended 31 December 2022

NOTE 1. BUSINESS OF THE COMPANY

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

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

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

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

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

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

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

DENOMINATION	PARTICIPATING PARTNERS	TAX AND LEGAL DOMICILE	COUNTRY	% PARTICIPATION	OPERATING FUND (thousands of euros)
UTE Abastecimiento Picadas Almoquera Supply Joint Venture	FCC Aqualia, S.A. - Barahona Obras Y Serv. S.L	C/ Federico Salmón, 13. Madrid.	SPAIN	95%	-
UTE Agua Santo Domingo	FCC Aqualia, S.A. - Agua Energía and MSI SL	C/ San Pedro, 3. Nájera La Rioja.	SPAIN	70%	-
UTE Aguas de Alcalá	FCC Aqualia, S.A. - Canal de Isabel II.	C/ Federico Salmón, 13. Madrid.	SPAIN	50%	3
UTE Aguas del Doramás	FCC Aqualia, S.A. - Eicoh Explot. S.L. - E. Maspalomas, S.A.	C/ Bentago Semidán, 2. Gáldar (Gran Canaria).	SPAIN	50%	3
UTE Alcantarillado Alcoy	FCC Aqualia, S.A. - FCC Medio Ambiente S.A.	C/Balmes, 36. Barcelona.	SPAIN	50%	8
UTE Alcantarillado Burgos	FCC Aqualia, S.A. - FCC, S.A.	C/ Fernando Dancausa S/N. Polig. Ind. Gamonal Burgos	SPAIN	40%	-
UTE Alcantarillado Madrid Lot D	FCC Aqualia, S.A.	Camino Hormigueras 131.	SPAIN	99,99%	-
UTE Alkhorayef	FCC Aqualia, S.A. - Alkhorayef Water & Power	Al Riyadh C Al Yarmook C. Riyadh. Saudi Arabia.	SAUDI ARABIA	51%	-
UTE Expansion Idam Melilla	FCC Aqualia, S.A. - Arpo empresa constr.	Carretera de Aguadú S/N Melilla	SPAIN	50%	8
UTE Oviedo	FCC Aqualia, S.A. - Soc. Española de Aguas Filtradas, S.A.	Plaza América, 10. Oviedo (Asturias)	SPAIN	95%	6
Aqualia Riofabar Piloña Joint Venture	FCC Aqualia, S.A.	C/ Muñoz Degrain, 4-6. Oviedo (Asturias)	SPAIN	100%	6
UTE Badajoz East Zone	FCC Aqualia, S.A. - Sistema Automatismos Control, S.A.U.	C/ Rasero, 11. Zafra (Badajoz)	SPAIN	50%	3
UTE Badajoz Zona Oeste	FCC Aqualia, S.A. - Sistema Automatismos Control, S.A.U.	Avda. Martínez Barrio, 4. Sevilla	SPAIN	50%	3
UTE Bombeo Zona Sur	FCC Aqualia, S.A. - FCC, S.A.	Camino Hormigueras 131.	SPAIN	99%	-
UTE C.H. Talave	FCC Aqualia, S.A. - Soc. Española de Aguas Filtradas, S.A.	C/Balmes, 36. Barcelona	SPAIN	50%	3
UTE C.H. Talave II	FCC Aqualia, S.A. - Matinsa	Nelva, plta.7 Torre A Murcia	SPAIN	80%	5
UTE Cruz Street	FCC Aqualia, S.A. - Const. Y O.P. Luis Vazquez e Hijos S.L.	Avda. General Luxán 2. Castuera (Badajoz)	SPAIN	80%	-
Granadilla de Abona Sports Centre UTE	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	SPAIN	99%	-
UTE Copero Environmental Complex	FCC Aqualia, S.A. - FCC Medio Ambiente S.A. - Heliopol S.A.U.	Avda. Padre García Tejero 9. Sevilla	SPAIN	34%	-
UTE Consorcio Louro	FCC Aqualia, S.A. - Civis Global, S.L.	C/Puerto Rico, 18-20. Vigo (Pontevedra)	SPAIN	99%	6
UTE Consorcio PTAR Arraiján	FCC Aqualia, S.A. - Aqualia Intech, S.A.	C/ Nicanor Obarrio 50, Ed. Torre Global Bank. Panama	PANAMA	50%	-

DENOMINATION	PARTICIPATING PARTNERS	TAX AND LEGAL DOMICILE	COUNTRY	% PARTICIPATION	OPERATING FUND (thousands of euros)
UTE Costa Tropical	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Nueva, 4. Motril (Granada)	SPAIN	51%	-
Ute Costa Tropical II	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Nueva, 4. Motril (Granada)	SPAIN	51%	-
Ute Costa Tropical III	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Nueva, 4. Motril (Granada)	SPAIN	51%	-
UTE Denia	FCC Aqualia, S.A.	C/ José Luis Goyoaga, 36 Erandio (Vizcaya)	SPAIN	100%	6
Aqualia Inima Joint Venture (Western Almeria sewage treatment)	FCC Aqualia, S.A. - Inima, S.A.	C/ Rrez. de Arellano, 15 Madrid	SPAIN	75%	7
UTE Depuradoras Lot 1	FCC Aqualia, S.A. - Barahona Obras y Servicios, S.L.	C/ Federico Salmón, 13. Madrid	SPAIN	95%	-
UTE EDAM Santa Eulalia	FCC Aqualia, S.A. - Aqualia Intech, S.A.	C/ Gral. Ramírez de Madrid, 8. Madrid.	SPAIN	99%	3
UTE EDAR A Guarda 2013	FCC Aqualia, S.A. - Depuración, Mantenimiento e Instalaciones, S.L.	C/ Puerto Rico, 18-20. Vigo (Pontevedra)	SPAIN	50%	3
UTE EDAR A Guarda 2022	FCC Aqualia, S.A. - Depuración, Mantenimiento e Instalaciones, S.L.	Carretera Madrid 221. Vigo (Pontevedra)	SPAIN	50%	3
UTE EDAR Albuñol	FCC Aqualia, S.A. - FCC Construcción, S.A.	C/Hilera, 10. Albuñol. Granada.	SPAIN	50%	3
UTE Edar Galindo	FCC Aqualia, S.A. - Ansareo obras Constr. Y conserv S.A. - Altuna y Uría, S.A.	Pseo. Campo Volantin, 24-5-DP3. Bilbao.	SPAIN	50%	-
UTE EDAR La Ranilla	FCC Aqualia, S.A. - Aqualia Intech, S.A.	C/Balmes, 36. Barcelona	SPAIN	75%	9
UTE EDAR Reinosa	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	SPAIN	99%	-
UTE EDAR Tablada	FCC Aqualia, S.A. - Magenta, S.A.U.	Avda. Americo Vespucio, 5. Sevilla	SPAIN	50%	6
UTE Estaciones Perales	FCC Aqualia, S.A. - Aqualia Intech, S.A.	Camino Hormigueras 131.	SPAIN	80%	-
UTE Fuentes de Cádiz	FCC Aqualia - FCC S.A.- FCC M.A.	Ana de Vija 3, Cádiz	SPAIN	50%	8
UTE Garrucha	FCC Aqualia - FCC S.A.- Talleres y Gruas González S.L.	C/ González Garbin 32. Almería	SPAIN	85%	-
UTE Gestión Cangas	FCC Aqualia, S.A. - Civis Global, S.L.	C/ Puerto Rico, 18-20. Vigo (Pontevedra)	SPAIN	70%	4
UTE Groupement Solidaire Jerba	FCC Aqualia, S.A. - Aqualia Intech, S.A. - Inima	C/ Federico Salmón, 13. Madrid	TUNISIA	20%	1
Guadiana Puelblonuevo Joint Venture	FCC Aqualia, S.A. - OPS INFR Y SERV HIDR	Pza. de España 13, Badajoz	SPAIN	51%	-
UTE HIDC-HIDR-INV. do centr. ACE	FCC Aqualia, S.A. - Lena Ambiente-Gestao de Resíduos, S.A.	Urb. Dos Plátanos-lote 2D-loja B Fregueria de Alferrarede - Concelho de Abrantes. Portugal.	PORTUGAL	50%	-
UTE Ibiza	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Berlín, 38-48. Barcelona	SPAIN	50%	2
UTE Idam Janubio	FCC Aqualia, S.A. - Aqualia Intech, S.A.	C/Hermano Pedro, 15, Adeje (Santa Cruz de Tenerife).	SPAIN	99%	-
UTE IDAM Sant Antoni	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Berlín, 38-48. Barcelona	SPAIN	50%	5
UTE IDAM Sant Antoni II	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Berlín, 38-48. Barcelona	SPAIN	50%	5

DENOMINATION	PARTICIPATING PARTNERS	TAX AND LEGAL DOMICILE	COUNTRY	% PARTICIPATION	OPERATING FUND (thousands of euros)
UTE IDAM Santa Eulalia	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Nápoles S/N. Santa Eulalia. I. Balearic Islands.	SPAIN	50%	3
UTE IDAM Santa Eulalia II	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Nápoles S/N. Santa Eulalia. I. Balearic...	SPAIN	50%	3
UTE IDAM Santa Eulalia III	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Nápoles S/N. Santa Eulalia. I. Balearic Islands.	SPAIN	50%	3
Aqualia Infilco joint venture	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Rrez. de Arellano, 15 Madrid.	SPAIN	50%	3
UTE Louro	FCC Aqualia, S.A. - Movex Vial, S.L.	C/ Puerto Rico, 18-20. Vigo (Pontevedra)	SPAIN	65%	4
Mancomunidad de Órbigo Joint Venture	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	SPAIN	99%	-
UTE Improvements San Isidro Park	FCC Aqualia, S.A. - FCC Medio Ambiente S.A.	Camino de Hormigueras, 161. Madrid	SPAIN	1%	0,06
UTE Obra Edar Argamasilla De Calatrava	FCC Aqualia, S.A. - Barahona Obras Y Serv. S.L	C/ Federico Salmón, 13. Madrid	SPAIN	70%	-
El Endrinal Wastewater Treatment Works Joint Venture	FCC Aqualia, S.A. - FCC Construcción, S.A.	Av. Camino de Santiago 40, Madrid	SPAIN	33,33%	-
UTE OYM Cap Djinet	FCC Aqualia, S.A. - Inima, S.A.	C/ Ulises, 18. Madrid	ALGERIA	50%	3
UTE OYM Mostaganem	FCC Aqualia, S.A. - Inima, S.A.	C/ Gobelias, 35-37. Madrid	ALGERIA	50%	3
UTE Qatar	FCC Aqualia, S.A. - GEC Contracting Serv-Power Water Energy Tech	Off 723 7th. Floor Gatemall, Tower2. Doha. Qatar.	QATAR	51%	-
UTE Networks CABB	FCC Aqualia, S.A.	Pº Campo Volantín, 24-5-3 Bilbao	SPAIN	100%	4
UTE Redondela	FCC Aqualia, S.A. - FCC, S.A.	C/ Doctor Esquerdo, 59.	SPAIN	99,99%	6
UTE Pipe Renovation Lot 7	FCC Aqualia, S.A. - FCC Construcción, S.A.	Camino Hormigueras 131.	SPAIN	60%	-
UTE Reparaciones Lot 9	FCC Aqualia, S.A.	Camino Hormigueras 131.	SPAIN	100%	-
UTE Saneamiento EMASA	FCC Aqualia, S.A. - FCC Medio Ambiente S.A.	C/Cortes de la Frontera. Málaga	SPAIN	50%	3
UTE Vigo	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	SPAIN	99,99%	28.978
UTE Santomera	FCC Aqualia, S.A. - FCC, S.A.	C/ Doctor Esquerdo, 59.	SPAIN	99,99%	6
UTE Sevilla Territorial Areas	FCC Aqualia, S.A. - FCC Medio Ambiente S.A.	C/ Gramil, 27. Sevilla	SPAIN	50%	3
UTE Sollanoko Ura	FCC Aqualia, S.A. - Iragaz Watin, S.A.	C/ Gregorio de Revilla, 27. Bilbao	SPAIN	100%	3
UTE Sollano Zalla	FCC Aqualia, S.A. - Ansareo Servicios Integrales	Pº Campo Volantín, 24. Bilbao	SPAIN	50%	-
UTE TSE Riyadh	FCC Aqualia, S.A. - Alkhorayef Water & Power	Al Riyadh - Assahafah - Al Imam Saud Bin Faisal Road. Riyadh. Saudi Arabia	SAUDI ARABIA	51%	-
UTE Ussa A 17	FCC Aqualia, S.A. - Iragaz Watin, S.A.	Pº Campo Volantín, 24-5-3 Bilbao	SPAIN	100%	4
UTE Zafra	FCC Aqualia, S.A. - Magenta, S.A.U.	Avda. Americo Vespucio, 5. Sevilla	SPAIN	65%	2
UTE Zaragoza Sewerage	FCC Aqualia, S.A. - FCC Medio Ambiente S.A.	Ctra. Castellón, KM. 2,7. Zaragoza	SPAIN	50%	-

Translation of financial statements originally issued in Spanish in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see notes 2 and 25). In the event of a discrepancy, the Spanish language version prevails.

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

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

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

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

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

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

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

This A.I.E. has been dissolved by agreement of its participants in December 2022 after the termination of the contract for which it was constituted.

- A.I.E. Costa Brava Abastament Aqualia - Sorea. Incorporated on 14 October 2009, it holds a stake in the share capital of a company that was responsible for the management of upstream water services in the territorial area of the Costa Brava Consortium until 30 September 2021. At the end of this contract, the company was dissolved by agreement of the partners.

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

This A.I.E. has been dissolved by agreement of its participants in July 2022 after the termination of the contract for which it was constituted.

c) FCC Aqualia also has interests in companies whose corporate purpose and activities are similar to its own. Details of Group companies and associates are provided in Note 7.

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

The consolidated annual accounts of the Company have been prepared in accordance with International Financial Reporting Standards (EU-IFRS) established by Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, as well as all provisions and interpretations implementing it. The consolidated annual accounts of the Company for the financial year 2022 have been prepared by the directors and will also be submitted for approval by the shareholders at the Annual General Meeting, and it is expected that they will be approved without any changes.

The consolidated annual accounts of the Company prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union show a volume of assets of 3,955,570 thousand euros (3,702,984 thousand euros at 31 December 2021) and Equity attributable to shareholders of the Company of 816,439 thousand euros (660,045 thousand euros at 31 December 2021). In addition, consolidated sales and attributable profit amount to Euros 1,323,155 thousand and Euros 135,182 thousand, respectively (Euros 1,169,450 thousand and Euros 115,087 thousand at 31 December 2021).

NOTE 2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

2.1. Regulatory framework for financial reporting applicable to the Company

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

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

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

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

income and financial instruments. The changes did not have a material effect on the annual accounts for the year ended 31 December 2021 and resulted in a change in the designation of the categories of financial assets and liabilities (notes 8, 9 and 15) and the recognition of an amount of Euros 1,892 thousand against Reserves for the first application of the Standard on one of the loans granted by the Company whose recovery period exceeds the concession period on the basis of the estimates made for annual royalties.

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

2.2. True picture

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

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

These financial statements, which have been prepared by the Company's directors, will be submitted for approval by the shareholders at the Annual General Meeting, and it is expected that they will be approved without any changes. The annual accounts for 2021 were approved by the General Meeting of Shareholders held on 28 June 2022.

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

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

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

2.3. Non-mandatory accounting principles applied

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

2.4. Critical aspects of assessment

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

- The assessment of possible impairment losses on certain assets (see Notes 6, 7, 8, 9, 10 and 11).
- The useful life of property, plant and equipment and intangible assets (see Notes 6 and 7).
- The calculation of certain provisions (see Note 14).
- The recognition and recoverability of deferred tax assets (see Note 16).
- The estimate of exchange rate, interest rate, solvency and liquidity risk (see Note 24).
- The Company's tax results which will be declared to the tax authorities in the future and which have served as the basis for the recording of the various IS-related balances in these annual accounts (see Note 16).
- The progress of construction activities (see Note 4.10).
- Estimated consumption of cubic metres supplied to subscribers between the dates of the last meter reading and the accounting closing date (see Note 4.10).
- The fair value of certain financial assets including group companies (see Note 4.5.1).

Although these estimates have been made on the basis of the best information available at year-end 2022, future events may make it necessary to change these estimates in future years, if necessary on a prospective basis.

Comparison of information

The annual accounts present for comparative purposes, with each of the items in the balance sheet, profit and loss account, statement of changes in equity, cash flow statement and notes to the financial statements, in addition to the figures for the financial year 2022, the figures for the previous financial year, which formed part of the annual accounts for the financial year 2021.

The application of accounting principles in 2022 and 2021 has been uniform, and therefore there are no transactions or operations that have been recorded following different accounting principles that could give rise to discrepancies in the interpretation of the comparative figures for the two periods.

2.6. Grouping of items

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

2.7. Correction of errors

In preparing these annual accounts, no material errors have been detected which would have led to the restatement of the amounts included for the year 2021.

2.8. Business combinations

Year 2022

On 16 June 2022, the Boards of Directors of FCC Aqualia, S.A. and Aqualia New Europe B.V. approved the common cross-border merger project between the two companies, which entails the absorption of the latter by the former. Prior to this transaction, the Company directly controlled 100% of the shares of Aqualia New Europe B.V., an entity domiciled in the Netherlands and which held business interests in Egypt.

The merger by absorption was registered in the Madrid Mercantile Register on 11 January 2023, and entailed the dissolution without liquidation of the absorbed company as from that date, and thus the transfer en bloc of the assets of Aqualia New Europe B.V. to FCC Aqualia, S.A., with the Company being subrogated to all the rights and obligations of the absorbed company.

As this is a merger between group companies, the date from which the operations of the absorbed company must be considered for accounting purposes by the absorbing company is 1 January 2022. Given that this is a merger between the parent company (FCC Aqualia, S.A.) and its subsidiary (Aqualia New Europe, B.V.), the assets and liabilities acquired have been valued at the amount that would correspond to them, once the operation has been carried out, in the consolidated annual accounts of the subgroup, in accordance with the Rules for the Preparation of Consolidated Annual Accounts, as developed in the Commercial Code.

In addition, the procedure laid down in Dutch and Spanish law has been followed, in particular the provisions of Book 2 Title 7 of the Dutch Civil Code in relation to mergers and the provisions of Title II Chapter I of Spanish Law 3/2009 on Structural Modifications, and the simplified regime can be applied as the acquiring company owns the entire share capital of the acquired company. No independent experts have been involved in the merger process.

The transaction has been subject to the tax neutrality regime regulated by Chapter VII of Title VII of Law 27/2014 of 27 November on corporate income tax.

The book value of the assets and liabilities of Aqualia New Europe B.V. incorporated at the date of the merger on 1 January 2022 was as follows:

(thousands of Euros)	Book value
Long-term investments in group and associated undertakings (note 7.1)	10.922
Short-term investments in group and associated companies	181
Cash and cash equivalents	555
Trade and other payables	(7)
Net total	11.651
Cost of participation	(11.651)
Difference recorded in Equity Instruments	-

The latest balance sheet closed by the transferring entity is as at 31 December 2021 and is shown below:

ACTIVE	2021	LIABILITIES	2021
NON-CURRENT ASSETS	10.922	NET WORTH	11.651
		Own funds	
		Capital	16.000
Long-term investments in group and associated companies	10.922	Reservations	(6.602)
		Result for the year	2.253
CURRENT ASSETS	736	CURRENT LIABILITIES	7
Short-term investments in group and associated companies	181	Trade and other accounts payable	7
Cash and cash equivalents	555		
TOTAL ASSETS	11.658	TOTAL LIABILITIES	11.658

2.9. Going concern principle

At 31 December 2021, the Company had reclassified to current financial liabilities the bond maturing on 8 June 2022, which was valued at EUR 699,625 thousand, resulting in a negative working capital of EUR 482,956 thousand.

During 2022, the Company signed the syndicated financing agreement (note 15.2) for Euros 1,100,000 thousand with a three-year maturity, extendable to one additional year, which has enabled it, among other things, to repay the bilateral financing agreements entered into between the Company and Caixabank between 21 November 2021 and 28 March 2022 for successive amounts of Euros 600,000 thousand, Euros 200,000 thousand and Euros 300,000 thousand, and to return to positive working capital of Euros 130,528 thousand at 31 December 2022. 600,000, 200,000 and 300,000 thousand euros and to return to positive working capital of 130,528 thousand euros at 31 December 2022.

NOTE 3.DISTRIBUTION OF RESULTS

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

PROPOSED DISTRIBUTION OF RESULTS	
<i>(Amounts in thousands of euros)</i>	
Benefit of the exercise	118.596
Distribution:	
A Voluntary reserves	118.596

NOTE 4.RECORDING AND VALUATION RULES

The main accounting and valuation rules used by the Company in the preparation of the annual accounts for 2022, in accordance with the accounting principles and rules set out in the Spanish Commercial Code, which are developed in the Spanish General Chart of Accounts, as well as other mercantile legislation in force at the closing date of these annual accounts, were as follows:

4.1. Intangible assets

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

- a) Intangible assets under concession agreements.

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

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

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

The Company recognises as "Intangible assets under concession agreements" the infrastructure built, improved or acquired by the Company in its capacity as a concession holder to provide a public service linked to a

concession contract. The recognition of an intangible asset occurs in those cases, in accordance with the aforementioned standard, in which the Company has the right to charge tariffs to the users of the public service, based on the use they make of said service, with the concession holder therefore assuming the risk of demand. The fact that the grantor controls the physical use of the infrastructure, the way in which the service is provided and the price of the service means that the infrastructure is recorded as an intangible asset rather than as a tangible asset.

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

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

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

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

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

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

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

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

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

b) Goodwill.

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

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

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

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

In accordance with the amendments made to the Capital Companies Act by Law 22/2015 of 20 July on the Audit of Accounts, as from the financial years commencing on 1 January 2016, the Company will discontinue contributions to this reserve for goodwill, and the amount thereof must be reclassified to voluntary reserves and will be available as from this financial year in the amount exceeding the goodwill recognised on the assets side of the balance sheet. No amount has been reclassified to voluntary reserves in 2021 or 2022.

c) Computer applications.

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

d) Research and development expenditure.

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

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

4.2. Tangible fixed assets

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

no impairment loss has been recognised.

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

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

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

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

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

4.3. Impairment of non-financial assets

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

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

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

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

noted that sensitivity analyses are performed in relation to revenue growth, operating margins and discount rates in order to forecast the impact of future changes in these variables.

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

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

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

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

4.4. Leases

Leases are classified as finance leases provided that the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. At 31 December 2022, the Company has not entered into any contracts of this type and the directors do not consider that the impact on the Company's accompanying financial statements will be material.

Operating leasing

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

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

4.5. Financial instruments

4.5.1. Financial assets

Ranking

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

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

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

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

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

- Financial assets at fair value through equity: these include investments in equity instruments, provided that they are not held for trading and are not required to be measured at cost.

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

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

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

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

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

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

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

4.5.1.1. Equity instruments

An equity instrument represents a residual interest in the Company's equity, after deducting all its liabilities from assets, and the securities issued are recognised in equity at the amount received, net of issue costs net of tax.

Treasury shares acquired by the Company during the year are recorded, at the value of the consideration given in exchange, 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, without any gain or loss being recorded in the profit and loss account.

4.5.2. Derecognition of financial assets

The Company derecognises financial assets when the rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership have been transferred.

4.5.3. Financial liabilities

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

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

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

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

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

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

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

4.6. Stocks

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

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

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

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

4.7. Foreign currency transactions

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

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

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

4.8. Taxation of profits

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

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

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

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

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

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

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

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

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

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

- Temporary and permanent differences arising as a result of the elimination of results from intercompany transactions arising from the process of determining the consolidated tax base.
- The deductions and allowances that correspond to each company in the tax group under the consolidated tax return system; for these purposes, the deductions and allowances shall be allocated to the company that carried out the activity or obtained the income necessary to obtain the right to the tax deduction or allowance.
- For the part of the tax losses of certain Group companies that have been offset by the other companies in the consolidated Group, a reciprocal credit and debit arises between the companies to which they relate and the companies offsetting them. In the event that there is a tax loss that cannot be offset by the other companies in the consolidated Group, these tax loss carryforwards are recognised as deferred tax assets in accordance with the criteria established for their recognition, considering the tax group as the taxpayer.
- The parent company of the Group records the total amount payable (refundable) for consolidated income tax with a charge (credit) to Receivables (Payables) from Group companies and associates.
- The amount of debt (receivable) relating to subsidiaries is credited (debited) to Payables (receivables) to Group and associated companies.

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

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

Deferred tax assets are reviewed at each balance sheet date and adjusted if there are doubts as to their future

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

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

4.9. Provisions and contingencies

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

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

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

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

4.10. Income and expenditure

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

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

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

Turnover consists mainly of the following items:

- For water supply contracts, the Company recognises as revenue the amount corresponding to the cubic metres supplied to subscribers valued at the selling price. This selling price is established for each contract on the basis of the tariffs approved by each local council and published in the Official Gazettes of the respective province. In relation to the cubic metres supplied, the Company takes periodic readings of its subscribers' consumption. At the end of each accounting period, the Company assesses the income from water supply not invoiced up to the balance sheet date to record "Production executed and pending certification" under the heading "Customers for sales and services rendered". For its

quantification, it takes into consideration the cubic metres consumed by each subscriber from the date of the last invoice and up to the date of the last meter reading, where applicable. Likewise, and from the date of the last meter reading to the date of closure of the accounts, the remaining consumption is estimated based on the information available for comparable historical periods.

- Sale of works and services. This includes the amount corresponding to construction work and activities carried out by the Company in relation to the provision of the integral water cycle in those municipalities in which it has been awarded the contract. The amount of the sale is calculated by applying the percentage of completion method, which consists of valuing the work units executed in the period at the selling price established in the contract, while recognising the expenses incurred thereon. The difference between the amount of production and the amount invoiced up to the balance sheet date is recognised under "Trade accounts receivable for sales and services rendered" or "Production certified in advance" under "Trade and other payables".

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

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

4.11. Severance payments

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

4.12. Subsidies

The Company accounts for grants received as follows:

- a) Non-repayable grants:

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

constitute income.

b) Operating subsidies:

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

4.13. Joint ventures

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

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

4.14. Related party transactions

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

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

4.15. Business actions with an impact on the environment

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

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

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

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

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

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

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

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

4.17. Cash flow statement

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

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

NOTE 5. INTANGIBLE ASSETS

5.1. Variation

a) The amounts and changes in intangible assets during 2022 were as follows:

INTANGIBLE FIXED ASSETS					
<i>(Amounts in thousands of euros)</i>					
<i>Variation between 31 December 2021 and 2022</i>					
	BALANCE	(+)	(-)	(+/-)	BALANCE
	31.12.21	ALTAS	BAJAS	TRANSFERS	31.12.22
Research and development expenditure	153	1	-	-	154
Goodwill	82.763	-	-	-	82.763
Computer applications	998	20	(1)	-	1.017
Other intangible assets	11	8	-	-	19
Concession agreement advances	251	-	-	(79)	172
Concession agreements financial activation	12.851	-	(711)	-	12.140
Concession agreement, regulated asset	1.215.375	47.187	(51)	79	1.262.590
TOTAL COST	1.312.402	47.216	(763)	-	1.358.855
Research and development expenditure	(139)	(15)	-	-	(154)
Goodwill	(49.657)	(8.278)	-	-	(57.935)
Computer applications	(971)	(16)	-	-	(987)
Concession agreement, regulated asset	(755.525)	(46.955)	12	-	(802.468)
TOTAL ACCUMULATED DEPRECIATION	(806.292)	(55.264)	12	-	(861.544)
Concession agreement, regulated asset	(15.034)	(423)	2.981	-	(12.476)
TOTAL IMPAIRMENTS	(15.034)	(423)	2.981	-	(12.476)
TOTAL NET	491.076	(8.471)	2.230	-	484.835

- Research and development expenditure

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

- Concession agreement, regulated asset.

In 2022, the Company has recorded as additions an amount of Euros 47,187 thousand corresponding to the activity carried out in Spain and mainly to the following contracts:

- Los Alcázares (Murcia) in the amount of Euros 3,120 thousand for the investment commitments to be made by the Company in the period obtained for the 5-year renewal of the integral water cycle service that the Company has been providing uninterruptedly in this municipality since 1987. 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 for the protection of the Mar Menor.

- Talavera de la Reina (Toledo) in the amount of Euros 3,180 thousand corresponding to investment commitments to be executed during the 5-year renewal period obtained this year, where the Company has been providing the integral water cycle service since 1997. The main investment to be made by the Company is the construction of a new drinking water tank in the Torrehierro industrial estate to replace the existing one, as well as investments in the drinking water treatment plant.
- El Arenal - Lluçmajor (Balearic Islands) 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-year renewal period obtained in the 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.

Other Spanish municipalities in which agreements have been signed for investments charged to current tariffs include Arnedo (La Rioja) for 1,006 thousand euros, and Castrillón (Asturias) for 703 thousand euros.

- Deteriorations.

During the year, the Company recognised an impairment loss of Euros 423 thousand on a concession provided in Spain due to the updating of the model carried out on the concession and also recorded the reversal of an impairment loss recognised on other concessions in Spain in previous years amounting to Euros 2,981 thousand, as the concession assets for which the impairment loss was recognised continue to operate and generate amortisation in the year.

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

	INTANGIBLE FIXED ASSETS					BALANCE 31.12.21
	<i>(Amounts in thousands of euros)</i>					
	BALANCE 31.12.20	Variation between 31 December 2020 and 2021		(+/-) TRANSFERS		
	(+) ALTAS	(-) BAJAS				
Research and development expenditure	129	24	-	-	153	
Goodwill	82.763	-	-	-	82.763	
Computer applications	982	17	(1)	-	998	
Other intangible assets	11	-	-	-	11	
Concession agreement advances	251	-	-	-	251	
Concession agreements financial activation	13.715	-	(864)	-	12.851	
Concession agreement, regulated asset	1.130.112	83.603	(1.600)	3.260	1.215.375	
TOTAL COST	1.227.963	83.644	(2.465)	3.260	1.312.402	
Research and development expenditure	(128)	(11)	-	-	(139)	
Goodwill	(41.381)	(8.276)	-	-	(49.657)	
Computer applications	(952)	(19)	-	-	(971)	
Concession agreement, regulated asset	(711.775)	(45.350)	1.600	-	(755.525)	
TOTAL ACCUMULATED DEPRECIATION	(754.236)	(53.656)	1.600	-	(806.292)	
Concession agreement, regulated asset	(12.822)	-	1.048	(3.260)	(15.034)	
TOTAL IMPAIRMENTS	(12.822)	-	1.048	(3.260)	(15.034)	
TOTAL NET	460.905	29.988	183	-	491.076	

- Research and development expenditure

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

- Concession agreement, regulated asset.

In 2021, the Company recognised EUR 83,603 thousand as additions relating to its business in Spain and mainly to the following contracts:

- Vigo (Pontevedra) in the amount of Euros 35,628 thousand for the investment commitments to be made by the Company in the period obtained for the five-year renewal of the drinking water supply service that the Company has been providing uninterruptedly in this municipality since 1991. The main investment to be undertaken in the first two years of the renewal period is the modernisation and extension of the O Casal drinking water treatment plant in the municipality of Vigo through the construction of new buildings for treatment with reagents and ultrafiltration systems, as well as new sludge lines and the extension of the control room. All this will be carried out at the same time as the normal service is provided.
- La Nucía (Alicante) in the amount of 8,905 thousand euros, of which 5,694 thousand euros correspond to investment commitments to be executed in various areas of the municipality during the 10-year renewal period obtained in this financial year and the remainder corresponds to payments made to the town council as an advance royalty.
- Güimar (Gran Canaria) in the amount of 8,844 thousand euros for the commitment of investments to be made over the 25-year renewal period obtained in the year. Of this amount, Euros 5,100 thousand will be invested in the first three years of the renewal period with the aim of increasing the network's efficiency until it reaches 82% during the renewal period.
- La Línea de la Concepción (Cádiz) in the amount of 4,874 thousand euros for the investment commitment assumed with the town council to extend the wastewater treatment plant in the municipality and modernise the sewerage and drainage network during the 15-year period obtained for renovation.
- La Puebla de Montalbán (Toledo) in the amount of 3,753 thousand euros for the investment commitment to improve the supply networks and the municipality's wastewater treatment plant through works to be carried out over 12 years until the end of the contract. In this municipality, the Company has been providing drinking water supply and wastewater treatment services since 2007.

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

- Deteriorations.

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

5.2. Balances arising from the integration of SPVs

The balances contributed by the SPVs at 31 December 2022 include 284,233 thousand euros corresponding to cost, 231,645 thousand euros corresponding to accumulated amortisation and 104 thousand euros corresponding to impairment (280,869 thousand euros corresponding to cost, 222,874 thousand euros corresponding to accumulated amortisation and 108 thousand euros corresponding to impairment at 31

December 2021).

5.3. Fully depreciated items

The detail of fully depreciated items by account is as follows:

FULLY DEPRECIATED INTANGIBLE FIXED ASSETS		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Development	154	127
Administrative concessions and concession agreement, regulated asset	128.451	103.561
Computer applications	882	844
	TOTAL	104.532

5.4. Intangible fixed assets outside Spanish territory

At 31 December 2022, intangible assets outside Spain amount to 86 thousand euros in cost and 85 thousand euros in accumulated amortisation (83 thousand euros in cost and 81 thousand euros in accumulated amortisation at 31 December 2021).

5.5 Intangible assets per concession agreement

Year 2022						
Contract	Regulated active concession agreement			Advances for A.I.A.C.	A.C.Act. Financial	Duration
	Cost	Am. Acum.	Deterioration			
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)	-	-	674	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)	-	-	446	25 years
Jaén (Jaén)	9.594	(8.123)	-	-	619	30 years
La Línea de Concepción (Cádiz)	16.119	(9.515)	-	-	319	40 years
La Nucia (Alicante)	32.202	(14.826)	-	-	-	50 years
La Solana (Ciudad Real)	5.513	(2.925)	-	-	603	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)	-	-	89	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)	-	8.035	50 years
Salamanca (Salamanca)	11.106	(5.925)	-	-	413	25 years
San Lorenzo Escorial (Madrid)	6.512	(3.169)	-	-	-	30 years
San Pedro del Pinatar (Murcia)	10.667	(5.347)	-	-	-	50 years
Sanlúcar de Barrameda (Cádiz)	17.263	(8.424)	-	-	-	40 years
Sant Feliu Gixols (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
Rest	325.668	(204.787)	(6.433)	172	942	5 - 50 years
Total	1.262.590	(802.468)	(12.476)	172	12.140	

Year 2021

Contract	Regulated active concession agreement			Advances for A.I.A.C.	A.C.Act. Financial	Duration
	Cost	Am. Acum.	Deterioration			
Alcalá de Henares (Madrid)	18.021	(11.977)	-	-	-	25 years
Alcoy (Alicante)	7.568	(7.568)	-	-	-	20 years
Algeciras (Cádiz)	18.237	(7.172)	-	-	-	50 years
Almansa (Albacete)	9.234	(3.033)	-	-	-	25 years
Almería (Almería)	28.617	(17.484)	-	-	-	40 years
Arcos de la Frontera (Cádiz)	11.187	(4.125)	-	-	-	25 years
Badajoz (Badajoz)	52.795	(28.617)	-	-	-	50 years
Barbate (Cádiz)	7.218	(2.763)	-	-	-	25 years
Cabezo Torres (Murcia)	6.314	(6.314)	-	-	-	40 years
Calahorra (La Rioja)	6.498	(5.258)	-	-	-	25 years
Cartaya (Huelva)	8.724	(2.791)	-	-	716	25 years
Castrillón (Asturias)	9.714	(3.919)	(1.248)	-	-	25 years
Chipiona (Cádiz)	7.054	(4.474)	-	-	-	40 years
Denia (Alicante)	14.304	(8.074)	-	-	-	35 years old
Gáldar (Gran Canaria)	13.398	(5.311)	(1.548)	-	-	25 years
Güimar (Gran Canaria)	10.115	(1.330)	-	-	-	25 years
Ingenio (Gran Canaria)	6.138	(4.692)	-	-	530	25 years
Jaén (Jaén)	9.594	(7.790)	-	-	737	30 years
La Línea de la Concepción (Cádiz)	16.119	(9.146)	-	-	416	40 years
La Nucia (Alicante)	32.202	(13.866)	-	-	-	50 years
La Solana (Ciudad Real)	5.513	(2.765)	-	-	641	30 years
L'Ametlla de Mar (Tarragona)	11.605	(6.126)	-	-	-	35 years old
Llanera (Asturias)	11.176	(6.083)	(3.090)	-	-	25 years
Lleida (Lleida)	49.277	(16.498)	-	-	-	25 years
Lloret de Mar (Girona)	24.774	(15.015)	(2.170)	-	-	25 years
Los Alcázares (Murcia)	8.258	(8.084)	-	-	18	20 years
Mdad. El Girasol (Toledo)	7.855	(5.959)	-	-	443	25 years
Mdad. Río Algodor (Toledo)	7.677	(2.751)	-	-	-	50 years
Mérida (Badajoz)	21.402	(14.869)	-	-	-	30 years
Moguer (Huelva)	7.413	(3.399)	-	-	-	30 years
Oviedo (Asturias)	37.077	(17.772)	(108)	-	7.531	50 years
Salamanca (Salamanca)	11.106	(5.281)	-	-	516	25 years
San Pedro del Pinatar (Murcia)	10.667	(4.840)	-	-	-	35 years old
San Lorenzo Escorial (Madrid)	6.512	(2.613)	-	-	-	30 years
Sanlúcar de Barrameda (Cádiz)	17.263	(7.736)	-	-	-	40 years
Sant Feliu Gixols (Girona)	6.973	(4.481)	-	-	-	50 years
Sant Josep (Balearic Islands)	10.554	(5.966)	-	-	-	28 years old
Santander (Cantabria)	86.349	(54.300)	-	-	-	25 years
Sóller (Balearic Islands)	6.681	(3.782)	-	-	-	30 years
Talavera de la Reina (Toledo)	28.354	(20.923)	-	-	62	25 years
Valverde del Camino (Huelva)	6.206	(2.296)	-	-	-	25 years
Vélez-Málaga (Málaga)	7.800	(4.932)	-	-	-	20 years
Vigo (Pontevedra)	218.725	(190.225)	-	-	-	30 years
Rest	313.107	(193.125)	(6.870)	251	1.241	5 - 50 years
Total	1.215.375	(755.525)	(15.034)	251	12.851	

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

- Catchment from catchment areas or wells.
- Potabilisation and treatment in drinking water treatment plants.
- Water supply through the water network to all subscribers.
- Collection of wastewater through the sewerage network to the wastewater treatment plants, from where it is returned to the natural environment.

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

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

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

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

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

The balance of the heading "Concession agreement - Financial activation" corresponds entirely to the deferred financial charge derived from the financing instrument associated with the construction of the concessions (see Note 4.1.a).

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

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

5.6 Capitalisation of financial charges

Neither during the financial year 2022 nor in the financial year 2021 has the Company capitalised financial expenses under the heading "Advances under concession agreement", having accrued an amount of 3,836 thousand euros at source.

In addition, under the heading "Concession agreements financial activation", the Company has recognised a net negative amount of EUR 711 thousand in 2022 (net negative recognition of EUR 864 thousand at 31 December 2021).

5.7 Commitment to purchase goods

At 31 December 2022, there are no additional commitments to those already included under "Provisions for infrastructure actions" (see Note 14).

5.8 Insurance policies

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

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

6.1. Variation

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

a) Change in 2022

TANGIBLE FIXED ASSETS					
<i>(Amounts in thousands of euros)</i>					
<i>Change between 31 December 2021 and 2022</i>					
	BALANCE	(+)	(-)	(+)(-)	BALANCE
	31.12.21	ALTAS	BAJAS	TRASP.	31.12.22
Land and buildings	4.332	17	-	-	4.349
Technical installations and other tangible fixed assets	131.001	19.006	(465)	547	150.089
Fixed assets under construction	150	958	-	(547)	561
TOTAL COST	135.483	19.981	(465)	-	154.999
Constructions	(2.462)	(82)	-	-	(2.544)
Technical installations and other tangible fixed assets	(79.952)	(10.906)	199	-	(90.659)
TOTAL AMORT. ACCUM.	(82.414)	(10.988)	199	-	(93.203)
TOTAL NET	53.069	8.993	(266)	-	61.796

During 2022, the Company has recorded additions to property, plant and equipment amounting to Euros 19,981 thousand, corresponding to assets used in the contracts performed by the Company which are not concession contracts, as well as those acquired for those which, being concession contracts, do not revert to the granting bodies.

b) Change in 2021

TANGIBLE FIXED ASSETS					
<i>(Amounts in thousands of euros)</i>					
Variation between 31 December 2020 and 2021					
	BALANCE	(+)	(-)	(+)(-)	BALANCE
	31.12.20	ALTAS	BAJAS	TRASP.	31.12.21
Land and buildings	4.331	1	-	-	4.332
Technical installations and other tangible fixed assets	114.252	16.984	(799)	564	131.001
Fixed assets under construction	254	460	-	(564)	150
TOTAL COST	118.837	17.445	(799)	-	135.483
Constructions	(2.380)	(82)	-	-	(2.462)
Technical installations and other tangible fixed assets	(71.810)	(8.780)	638	-	(79.952)
TOTAL AMORT. ACCUM.	(74.190)	(8.862)	638	-	(82.414)
TOTAL NET	44.647	8.583	(161)	-	53.069

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

6.2 Land and buildings

At 31 December 2022, the land represents an amount of Euros 278 thousand in cost and Euros 47 thousand in accumulated amortisation due to its reversion at the end of the concession contract (Euros 278 thousand in cost and Euros 45 thousand in accumulated amortisation at 31 December 2021).

6.3 Balances arising from the integration of joint ventures

The balances at 31 December 2022 include Euros 14,066 thousand and Euros 6,139 thousand corresponding to the cost and accumulated amortisation contributed by the SPVs, respectively (Euros 10,762 thousand and Euros 5,231 thousand, respectively, at 31 December 2021).

6.4 Fully depreciated items

At 31 December 2022 they are fully depreciated, but items under "Plant and equipment and other property, plant and equipment" with a carrying amount of EUR 60,686 thousand (31 December 2021: EUR 58,468 thousand) are still in use.

6.5 Fixed assets located outside Spanish territory

At 31 December 2022, the Company has fixed assets outside Spain amounting to Euros 1,187 thousand in cost and Euros 737 thousand in accumulated depreciation (Euros 864 thousand and Euros 594 thousand, respectively, at 31 December 2021).

6. Insurance policies

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

6.7 Other information on property, plant and equipment

- In 2022 and 2021, there were no acquisitions of fixed assets from group companies.
- There are no commitments to acquire tangible fixed assets at the end of the two financial years.
- There are no tangible assets pledged as collateral for the Company's commitments.

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

7. Equity Instruments

Details and movements under this heading are as follows:

a) Change in 2022

	EQUITY INSTRUMENTS					BALANCE 31.12.22
	<i>(Amounts in thousands of euros)</i>					
	<i>Change between 31 December 2021 and 2022</i>					
	BALANCE 31.12.21	(+) ALTAS	(-) BAJAS	(+/-) TRANSFERS	(+/-) BUSINESS COMBINATION	BALANCE 31.12.22
Equity Instruments in Group Companies	403.466	378.996	(6.416)	-	(15.538)	760.508
Outstanding payments in shares Group companies	(3.079)	(56)	3.052	-	-	(83)
Equity Instruments in Associated Companies	17.838	-	(563)	-	10.922	28.197
Outstanding disbursements in shares Associated Companies	(182)	-	-	-	-	(182)
Total	418.043	378.940	(3.927)	-	(4.616)	788.440
Deteriorations	(60.778)	(2.069)	52.521	-	-	(10.326)
TOTAL NET	357.265	376.871	48.594	-	(4.616)	778.114

By heading, the most important movements recorded in 2022 are as follows:

- Equity instruments in group companies.
 - Capital increase of 158,968 thousand euros for the capital increase in the company Aqualia Georgia, incorporated in the year with registered offices in Tbilisi (Georgia) to hold shares and provide services to companies in that country.

The capital increase was carried out by means of a non-monetary contribution of 80% of the stake held by FCC Aqualia in the capital of Georgia Global Utilities, a company acquired on 2 February 2022 on the basis of the purchase agreement signed on 31 December 2021. It had

been agreed to acquire this stake for a cash consideration of USD180 million through a two-step transaction, as described below.

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

First stage

In the first stage of the Transaction formalised on 2 February 2022 with the monetary disbursement of the agreed amount, the Company acquired a 65% equity interest in GGU, which included its water services business and the operating assets of its renewable energy business, representing an 80% economic interest in GGU's water services business.

Second stage

The second phase of the Transaction consisted of the spin-off of GGU's renewable energy assets. Completion of the second stage took place on 4 October 2022 following: (i) the receipt of antitrust clearance from the Georgian National Competition Authority; and (ii) the repayment of GGU's USD250 million 7.75% Notes due 30 July 2025. This early repayment has been made possible because in August 2022, GGU's shareholders agreed to provide loans to its subsidiary to enable it to repay.

Following the demerger, the Company indirectly owns an 80% shareholding and Georgia Capital will own a 20% shareholding in GGU.

Put and call options

In addition, and in the context of the Transaction, the Company and GCAP granted each other a put option and a call option, respectively, on GCAP's remaining 20% interest in the share capital of GGU. On 9 March 2022, the Company transferred to its subsidiary, Aqualia Georgia, which in turn assumed all the rights and obligations of ownership of the interest with the exception of providing financing to its subsidiary. The put option granted to GCAP may be exercised in each of the two half-yearly periods immediately following the approval by shareholders of GCAP's audited consolidated accounts 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.

- 2 000 for the 80 % shareholding in the company Génesis Lodos, S.L., a company with registered offices in Seville (Spain) whose corporate purpose is the removal of sludge and the processing of waste resulting from the operation of water treatment plants.
- A capital increase of 216,086 thousand euros subscribed and paid up in the company Aqualia Czech, S.L. This company has issued 95,294 shares with a nominal value of 0.63 euros each and

a share premium of 2,266.95 euros in order to grant a 3-year loan to the company Severomoravske Vodovody a Kanalizace Ostrava, domiciled in the Czech Republic. 2,266.95 of issue premium to cover the granting of a 3-year loan to the company Severomoravske Vodovody a Kanalizace Ostrava, domiciled in the Czech Republic, of which it is the sole shareholder, and which has enabled this subsidiary to redeem the bond issue that matured in July 2022.

- 1,299 thousand euros through capitalisation of the loan previously granted to FCC Aqualia América, S.A.U. to increase the equity of this subsidiary.
 - A capital increase of 2,583 thousand euros for the incorporation, subscription and payment in the company Aqualia Flandes, S.A.S. E.S.P, of 95% of its share capital, the other 5% being owned by Aqualia Intech, S.A. The company Aqualia Flandes has its registered office in Bogotá (Colombia) and has been awarded the public tender for the operation, expansion, refurbishment and maintenance of the infrastructure and commercial management of the public water and sewerage services in the city of Flandes, Tolima department (Colombia). Maintenance of the infrastructure and commercial management of the public water and sewerage services in the city of Flandes, department of Tolima (Colombia).
 - A subscription of 56 thousand euros for the subscription of 45% of the capital that the Company has incorporated in Saudi Arabia under the name of South Cluster SPV L.L.C., which has been awarded the contract awarded by the Saudi Arabian government for the management, operation and maintenance of the integral water cycle in the Saudi regions of Assir, Jazan, Baha and Najran. The rest of the shareholding is made up of Spanish and Saudi companies outside the FCC Group.
 - Disposal of Euros 6,416 thousand of the Company's shareholding in Entemanser, S.A., a company managing several concession contracts on the island of Tenerife (Spain).
 - Disposal of Euros 15,538 thousand of the Company's shareholding in Aqualia New Europe, a company based in the Netherlands, which was absorbed during the year (see note 2.9).
- Outstanding disbursements on shares in group companies.
 - Additions in the amount of 56 thousand euros for the amount subscribed and not paid up in the company South Cluster SPV L.L.C.
 - 3,052 thousand euros for the payment made in the share capital of Acque di Caltanissetta, S.p.A.
- Equity instruments in associates
 - Derecognition of Euros 245 thousand for the sale of the 49 % stake held by the Company in the capital of Aguas de Priego, S.A., a company domiciled in the municipality of Priego de Córdoba (Spain), which engages in the integral management of water in that municipality.
 - Derecognition of 240 thousand euros due to the liquidation of the SOREA - Aqualia E.I.A. during

the year, once the contract for which it was set up had ended.

- Write-off of 78 thousand euros due to the liquidation during the year of the A.I.E. Costa Brava Abastament Aqualia - SOREA, which also terminated the contract that was its corporate purpose.
 - Addition of Euros 10,922 thousand for the business combination mentioned in note 2.9 with Aqualia New Europe, whereby the Company acquires a 45% interest in Orasqualia Development of the Waste Treatment Plant, a company domiciled in Egypt, which is carrying out the contract signed in 2009 for the design, construction, operation and maintenance of the desalination plant in the city of New Cairo.
- Deteriorations.
 - Impairment of 2,069 thousand euros in subsidiaries that are concessionaires of water contracts with a defined life and reversal of 52,521 thousand euros in other subsidiaries that are also concessionaires due to changes in the lives and operating flows that occurred during the year.

b) Change in 2021

EQUITY INSTRUMENTS					
<i>(Amounts in thousands of euros)</i>					
<i>Change between 31 December 2020 and 2021</i>					
	BALANCE	(+)	(-)	(+/-)	BALANCE
	31.12.20	ALTAS	BAJAS	TRANSFERS	31.12.21
Equity Instruments in Group Companies	399.619	4.989	(1.142)	-	403.466
Outstanding disbursements on shares in group companies	(7.079)	-	4.000	-	(3.079)
Equity Instruments in Associated Companies	17.838	-	-	-	17.838
Outstanding disbursements on shares in Associated Companies	(182)	-	-	-	(182)
Total	410.196	4.989	2.858	-	418.043
Deteriorations	(53.162)	(7.702)	87	-	(60.778)
TOTAL NET	357.034	2.713	2.945	-	357.265

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

- Equity instruments in Group companies.
 - Capital increase of 2,822 thousand euros for the subscription and payment of the capital increase carried out by Aqualia Latinoamérica, S.A. This company carries out its activity related to the integral water cycle in the department of Córdoba in Colombia.
 - Additions amounting to 1,569 thousand euros for the incorporation of the company Aqualia Gestión Los Cabos, S.A. de C.V., domiciled in Los Cabos, Baja California Sur (Mexico). This company is 70% owned by FCC Aqualia, S.A. and the remaining 30% is owned by Aqualia México, S.A. de C.V. The purpose of the company is to renovate and improve the municipality's drinking water, sewerage and sanitation system.

- Additions amounting to 598 thousand euros for the subscription and payment of the capital increase carried out by Aqualia Villa del Rosario, S.A. This company carries out its activity related to the integral water cycle in the department of Norte de Santander (Colombia).
- Disposal of Euros 1,142 thousand due to the sale in Spain to the Alcázar de San Juan City Council (Ciudad Real) of the Company's shareholding in Aguas de Alcázar, S.A., a mixed company.
- Impairment of 7,702 thousand euros in subsidiaries that are concessionaires of water contracts with a defined life.

c) The outstanding disbursements on shares in group and associated companies in the balance sheet as at 31 December 2022 and 2021 are as follows:

OUTSTANDING DISBURSEMENTS OF GROUP COMPANIES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Compañía Onubense de Aguas, S.A.	27	27
South Cluster SPV LLC	56	-
Acque di Caltanissetta, S.p.a.	-	3.052
TOTAL	83	3.079

DISBURSEMENTS OUTSTANDING FROM ASSOCIATED COMPANIES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Aigües del Segarra Garrigues, S.A.	150	150
Sera Q.A. Duitama ESP., S.A.	27	27
Orasqualia O & M	5	5
TOTAL	182	182

d) Details of equity instruments in Group companies. Details of the balance at 31 December 2022 and 31 December 2021 are shown below:

EQUITY INSTRUMENTS IN GROUP COMPANIES 2022				
<i>(Amounts in thousands of euros)</i>				
PARTNERSHIPS	ACTIVITY	INVESTMENT	PROVISION	NET COST
FCC Aqualia América, S.A.U. C/ Uruguay, 11 - Vigo (PONTEVEDRA)	Water cycle management	5.250	(4.649)	601
Aquajerez, S.L. Pol.Ind.Ronda Oeste, 24 Jerez de la Frontera (CADIZ)	Water cycle management	28.859	-	28.859
Aqua Campiña, S.A. C/Blas Infante, 6 - Ecija (SEVILLA)	Water cycle management	541	-	541
Acque di Caltanissetta, S. p.a. Viale Sicilia 176 93100 Caltanissetta - ITALY	Water cycle management	39.755	-	39.755
Water Sur, S.L. Urbanización Las Bugambillas, 13 - Vera (Almería)	Water cycle management	144	(144)	-
Flores, Rebollo y Morales, S.L. Urbanización Las Bugambillas, 13 - Vera (Almería)	Water cycle management	576	(576)	-
Aguas de las Galeras, S.L. Avda. Camino de Santiago, 40 - MADRID	Water cycle management	1	-	1
Compañía Onubense de Aguas, S.A. C/ Martín Alonso Pinzón, 8 - HUELVA	Water cycle management	36	(9)	27
Depurplan 11, S.A.U. C/ San Miguel, 1 - ZARAGOZA	Water treatment and purification	4.700	-	4.700
Empresa Mixta de Butarque, S.A. C/ Princesa, 3 - MADRID	Water cycle management	84	(84)	-
Servicios Hídricos Agricultura y Ciudad, S.L.U. C/ Alfonso XIII - Sabadell (BARCELONA)	Holding company	3	(3)	-
Sociedad Ibérica del Agua, S.A.U. C/Federico Salmón, 13 - MADRID	Water cycle management	60	-	60
Tratamiento Industrial del Agua, S.A. C/Federico Salmón, 13 - MADRID	Drainage and Purification	652	-	652
Hidrotec Water Technology, S.L.U. C/Pinzel, 25 - SEVILLA	Laboratories and services	32	-	32
Empresa Gestora de Aguas Linenses, S.L.		2	-	2

EQUITY INSTRUMENTS IN GROUP COMPANIES 2022
(Amounts in thousands of euros)

<i>C/Federico Salmón, 13 - MADRID</i>	Water cycle management			
Entemanser, S.A. <i>C/Castillo, 13 - ADEJE (SANTA CRUZ DE TENERIFE)</i>	Water cycle management	57.537	-	57.537
Genesis Lodos, S.L. <i>Avda. Kansas City, 9 - SEVILLA</i>	Drainage and Purification	2	(1)	1
Infraestructuras y Distribución General de Agua, S.L. <i>C/La Presa, 14 - Tijoco Bajo-ADEJE (S.C.TENERIFE)</i>	Participation and execution of works	8.665	-	8.665
Sociedad Española de Aguas Filtradas, S.A. <i>Avda. Camino de Santiago, 40 - MADRID</i>	Water purification	1.296	-	1.296
Aqualia Intech, S.A. <i>Avda. Camino de Santiago, 40 - MADRID</i>	Specialised construction	10.745	-	10.745
Aqualia México, S.A. de C.V. <i>C/ Carrizal, 33 - Santiago de Querétaro (MEXICO)</i>	Water works and services	1	-	1
Aqualia Czech, S.L.U. <i>Avda. Camino de Santiago, 40 - MADRID</i>	Water Cycle Management	334.865	-	334.865
Aqualia MACE LLC <i>P.O Box 105547 Abu Dhabi (UNITED ARAB EMIRATES)</i>	O&M Depuration	15	-	15
Aigües de Vallirana, S.A. <i>C/ Conca de Tremp, 14 - Vallirana (BARCELONA)</i>	Water Cycle Management	3.241	-	3.241
Aquamaior - Aguas de Campo Maior, S.A. <i>Rua Mayor Talaya, 28 - Campo Maior (PORTUGAL)</i>	Water cycle management	875	(453)	422
Abrantaqua, S.A. <i>Lena Park - Alferrarede Abrantes (PORTUGAL)</i>	Water cycle management	190	-	190
Conservación y Sistemas, S.A. <i>C/Federico Salmón, 13-MADRID</i>	Infrastructure maintenance	1.558	-	1.558
Cartagua, Aguas Do Cartaxo, S.A. <i>Z. Industrial do Cartaxo, lote 20 - CARTAXO (PORTUGAL)</i>	Treatment and purification	1.110	-	1.110
Aqualia desalación Guaymas S.A. de C.V. <i>Avenida 5 de Febrero N° 1351, ROBLE 304 - QUERÉTARO (MEXICO)</i>	Construction and operation	2.358	-	2.358
Aqualia Infraestructuras Inzenyring <i>Marienské Hory, Slavnikovcu 571/21- Ostrava (CZECH REPUBLIC)</i>	Specialised construction	9.065	-	9.065
Aquos El Realito, S.A. de C.V. <i>B.Manuel Avila Camacho, n°36 - piso5 - Col. Lomas de Chapultepec México</i>	Construction and expl. aqueduct	5.512	-	5.512
Shariket Thalya Miyah Mostaganem <i>Cité Abdoni Ilot, 36 - Dar el Beida (ALGERIA)</i>	Construction and expl. desalination plants	8.308	-	8.308
H.A.A. & Co Integrated Serv <i>Corniche road - Jeddah (SAUDI ARABIA)</i>	Infrastructure maintenance	3.199	(39)	3.160
Qatarat Saquia Desalination <i>Corniche road - Jeddah (SAUDI ARABIA)</i>	Construction and expl. desalination plants	12.914	-	12.914
Aqualia Latinoamérica, S.A. <i>Bogotá (COLOMBIA)</i>	Water cycle management	13.699	-	13.699
Aqualia Villa del Rosario, S.A. <i>C/ 4, número 6-104 - Villa del Rosario (COLOMBIA)</i>	Water cycle management	1.263	-	1.263
Aqualia Georgia LLC <i>Mtatsminda district, Medea (Mzia) Jugheli st., N 10 - Tbilisi (GEORGIA)</i>	Portfolio holdings	158.969	-	158.969
South Cluster SPV LLC <i>Abha, Kingdom of Saudi Arabia</i>	Water cycle management	56	-	56
Aqualia Flanders S.A.S.E.S.P. <i>Cr 11 No. 82 01 Of 903 - Bogotá (COLOMBIA)</i>	Water Cycle Management	2.583	-	2.583
Aqualia Portugal <i>Rua Camino Castelo Branco, 2 - Lisboa (PORTUGAL)</i>	Water Cycle Management	8.563	-	8.563
Aqualia Gestión Los Cabos S.A. de C.V. <i>Municipality of Los Cabos - Baja California (MEXICO)</i>	Water works and services	1.569	-	1.569
Aqualia France <i>65, rue Monceau - Paris (FRANCE)</i>	Water Cycle Management	31.655	-	31.655
TOTAL		760.508	(5.958)	754.550

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

PARTNERSHIPS	ACTIVITY	INVESTMENT	PROVISION	NET COST
FCC Aqualia América, S.A.U. <i>C/ Uruguay, 11 - Vigo (PONTEVEDRA)</i>	Water cycle management	3.950	(3.950)	-
Aquajerez, S.L. <i>Pol.Ind.Ronda Oeste, 24 Jerez de la Frontera (CADIZ)</i>	Water cycle management	28.859	(6.162)	22.697
Aqua Campiña, S.A. <i>C/Bias Infante, 6 - Écija (SEVILLA)</i>	Water cycle management	541	-	541
Acque di Caltanissetta, S. p.a. <i>Viale Sicilia 176 93100 Caltanissetta - ITALY</i>	Water cycle management	39.755	(15.152)	24.603
Water Sur, S.L. <i>Urbanización Las Bugambillas, 13 - Vera (Almería)</i>	Water cycle management	144	(144)	-

EQUITY INSTRUMENTS IN GROUP COMPANIES 2021				
(Amounts in thousands of euros)				
Flores, Rebollo y Morales, S.L. Urbanización Las Bugambillas, 13 - Vera (Almería)	Water cycle management	576	(576)	-
Aguas de las Galeras, S.L. Avda. Camino de Santiago, 40 - MADRID	Water cycle management	1	-	1
Compañía Onubense de Aguas, S.A. C/ Martín Alonso Pinzón, 8 - HUELVA	Water cycle management	36	(9)	27
Depurplan 11, S.A.U. C/ San Miguel, 1 - ZARAGOZA	Water treatment and purification	4.700	-	4.700
Empresa Mixta de Butarque, S.A. C/ Princesa, 3 - MADRID	Water cycle management	84	(84)	-
Servicios Hídricos Agricultura y Ciudad, S.L.U. C/ Alfonso XIII - Sabadell (BARCELONA)	Holding company	3	(3)	-
Sociedad Ibérica del Agua, S.A.U. C/Federico Salmón, 13 - MADRID	Water cycle management	60	-	60
Tratamiento Industrial del Agua, S.A. C/Federico Salmón, 13 - MADRID	Drainage and Purification	652	-	652
Hidrotec Water Technology, S.L.U. C/Pinzel, 25 - SEVILLA	Laboratories and services	32	-	32
Empresa Gestora de Aguas Linenses, S.L. C/Federico Salmón, 13 - MADRID	Water cycle management	2	-	2
Entemanser, S.A. C/Castilla, 13 - ADEJE (SANTA CRUZ DE TENERIFE)	Water cycle management	63.953	(21.913)	42.040
Infraestructuras y Distribución General de Agua, S.L. C/La Presa, 14 - Tijoco Bajo-ADEJE (S.C.TENERIFE)	Participation and execution of works	8.665	(1.262)	7.403
Sociedad Española de Aguas Filtradas, S.A. Avda. Camino de Santiago, 40 - MADRID	Water purification	1.296	-	1.296
Aqualia Intech, S.A. Avda. Camino de Santiago, 40 - MADRID	Specialised construction	10.745	-	10.745
Aqualia México, S.A. de C.V. C/ Carrizal, 33 - Santiago de Querétaro (MEXICO)	Water works and services	1	-	1
Aqualia Czech, S.L.U. Avda. Camino de Santiago, 40 - MADRID	Water cycle management	118.779	-	118.779
Aqualia MACE LLC P.O Box 105547 Abu Dhabi (UNITED ARAB EMIRATES)	O&M Depuration	15	-	15
Aqualia New Europe B.V. C/Calude Debussylann, 24 - Amsterdam (DUTCH)	Portfolio holdings	15.538	(3.887)	11.651
Aigües de Vallirana, S.A. C/ Conca de Tremp, 14 - Vallirana (BARCELONA)	Water cycle management	3.241	(3.118)	123
Aquamaior - Aguas de Campo Maior, S.A. Rua Mayor Talaya, 28 - Campo Maior (PORTUGAL)	Water cycle management	875	(452)	423
Abrantaqua, S.A. Lena Park - Alferrarede Abrantes (PORTUGAL)	Water cycle management	190	-	190
Conservación y Sistemas, S.A. C/Federico Salmón, 13-MADRID	Infrastructure maintenance	1.558	-	1.558
Cartagua, Aguas Do Cartaxo, S.A. Z. Industrial do Cartaxo, lote 20 - CARTAXO (PORTUGAL)	Treatment and purification	1.110	-	1.110
Aqualia desalinación Guaymas S.A. de C.V. Avenida 5 de Febrero N° 1351, ROBLE 304 - QUERÉTARO (MEXICO)	Construction and operation	2.358	-	2.358
Aqualia Infraestructuras Inzenyring Mariennské Hory, Slavnikovcu 571/21- Ostrava (CZECH REPUBLIC)	Specialised construction	9.065	-	9.065
Aquos El Realito, S.A. de C.V. B.Manuel Avila Camacho, n°36 - piso5 - Col. Lomas de Chapultepec México	Construction and explot. Aqueduct	5.512	-	5.512
Shariket Thalyya Miyah Mostaganem Cité Abdani llot, 36 - Dar el Beida (ALGERIA)	Construction and operation of desalination plants	8.308	-	8.308
H.A.A. & Co Integrated Serv Corniche road - Jeddah (SAUDI ARABIA)	Infrastructure maintenance	3.199	(159)	3.040
Qatarat Saquia Desalination Corniche road - Jeddah (SAUDI ARABIA)	Construction and operation of desalination plants	12.914	-	12.914
Aqualia Gestión Los Cabos, S.A. de C.V. Los Cabos - Baja California Sur (Mexico)	Modernisation of water networks	1.569	-	1.569
Aqualia Latinoamérica, S.A. Bogotá (COLOMBIA)	Water Cycle Management	13.699	-	13.699
Aqualia Villa del Rosario, S.A. C/ 4, número 6-104 - Villa del Rosario (COLOMBIA)	Water Cycle Management	1.263	-	1.263
Aqualia Portugal Rua Camino Castelo Branco, 2 - Lisboa (PORTUGAL)	Water Cycle Management	8.563	-	8.563
Aqualia France 65, rue Monceau - Paris (FRANCE)	Water cycle management	31.655	(2.032)	29.623
TOTAL		403.466	(58.903)	344.563

The balance sheets of these companies as at 31 December 2022 and 2021 presented the following balance sheet data. None of these companies is listed on the stock exchange and none of them has generated results from discontinued operations.

PARTNERSHIPS	CAPITAL	Reserves and other equity items	Result 2022			% Share
			Operating result	Result Continuing Operations	Result	
Abrantaqua, S.A.	500	2.654	502	254	254	60,00%
Acque di Caltanissetta, S.p.a.	24.500	16.264	12.732	9.667	9.667	99,56%
Aguas de las Galeras, S.L.	3	415	1.033	368	368	51,00%
Aigües de Vallirana, S.A. (*)	102	642	357	270	270	100,00%
Aqua Campiña, S.A.	601	217	209	97	97	90,00%
Aquajerez, S.L.	3	9.220	6.289	2.888	2.888	100,00%
Aqualia Czech, S.L.U.	69.362	248.459	(36)	14.732	14.732	100,00%
Aqualia Desalación Guaymas, S.A. de C.V.	3.369	4.065	(1.871)	(3.991)	(3.991)	70,00%
Aqualia Flanders S.A.S.E.S.P.	2.719	(445)	(8)	(21)	(21)	95,00%
Aqualia France	400	4.444	(2.857)	4.102	4.102	100,00%
Aqualia Georgia LLC	175.155	(182)	(187)	(174)	(174)	100,00%
Aqualia Gestion los Cabos SACV	2.285	175	(217)	(144)	(144)	70,00%
Aqualia Infraestructuras Inzenyring	64	3.360	3.940	3.181	3.181	49,00%
Aqualia Intech, S.A.	1.200	36.424	3.166	1.282	1.282	99,99%
Aqualia Latinoamérica, S.A.	14.573	(8.906)	(135)	(6.376)	(6.376)	94,00%
Aqualia MACE LLC	30	4.195	3.458	3.554	3.554	51,00%
Aqualia México, S.A. de C.V.	8.070	5.379	1.509	4.231	4.231	0,01%
Aqualia Portugal	22.518	(37)	(1)	(1)	(1)	100,00%
Aqualia Villa del Rosario S.A.	1.330	(908)	(120)	(556)	(556)	95,00%
Aquamaior - Aguas de Campo Maior, S.A.	50	371	42	(2)	(2)	100,00%
Aquos El Realito, S.A. DE CV	11.651	4.989	4.491	(1.242)	(1.242)	46,00%
Cartagua, Aguas do Cartaxo, S.A.	1.850	918	512	189	189	60,00%
Compañía Onubense de Aguas, S.A. (*)	60	(72)	0	0	0	60,00%
Conservación y Sistemas, S.A.	300	1.577	39	64	64	99,99%
Depurplan 11, S.A.U.	4.700	1.338	1.067	815	815	100,00%
Ecosistema de Morelos S.A. DE C.V.	1.296	870	728	(224)	(224)	0,00%
Empresa Gestora de Aguas Linenses, S.L.	3	2.780	187	141	141	51,00%
Empresa Mixta de Butarque, S.A. (*)	120	(120)	0	0	0	70,00%
Entemanser, S.A.	2.137	9.972	4.137	3.220	3.220	97,00%
FCC Aqualia América, S.A.U. (*)	601	0	(1)	0	0	100,00%
Flores, Rebollo y Morales, S.L.	18	12	0	0	0	60,00%
Genesis Lodos, S.L.	3	(1)	(2)	(1)	(1)	80,00%
H.A.A. & CO. Integrated Serv	1.187	3.235	271	109	109	51,00%
Hidrotec Water Technology, S.L.U.	3	16.794	1.545	1.166	1.166	100,00%
Infraestructuras y Dist. General del Agua, S.L. (*)	63	4.280	539	416	416	100,00%
Qatarat Saquia Desalination	4.985	24.315	6.591	4.353	4.353	51,00%
Sociedad Española de Aguas Filtradas, S.A.	1.087	4.163	2.222	1.621	1.621	99,99%
Servicios Hidricos Agricultura y Ciudad S.L.	3	(379)	(88)	(66)	(66)	100,00%
Sharikeet Tahlya Miyah Mostaganem	32.579	110.703	20.736	17.150	17.150	25,50%
Sociedad Ibérica del Agua, S.A.U. (*)	60	268	101	76	76	100,00%
South Cluster Spv Llc	125	650	935	800	800	45,00%
Tratamiento Industrial de Aguas, S.A.	656	19.916	5.678	4.535	4.535	99,99%
Water Sur, S.L.	6	(28)	16	16	16	60,00%

(*) Unaudited data as at 31 December 2022.

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

PARTNERSHIPS	CAPITAL	Reserves and other equity items	Result 2021			% Share
			Operating result	Result Continuing Operations	Result	
Abrantaqua, S.A.	500	2.401	637	385	385	60,00%
Acque di Caltanissetta, S.p.a.	24.500	3.546	2.774	1.033	1.033	99,56%
Aguas de Alcázar Empresa Mixta, S.A.	0	0	1.253	844	844	52,38%
Aguas de las Galeras, S.L.	3	586	1.177	539	539	51,00%
Aigües de Vallirana, S.A. (*)	102	709	452	338	338	100,00%
Aqua Campiña, S.A.	601	312	322	192	192	90,00%

Aquajerez, S.L.	3	3.103	6.308	3.010	3.010	100,00%
Aqualia Czech, S.L.U.	69.302	17.708	(80)	10.923	10.923	100,00%
Aqualia Desalación Guaymas, S.A. de C.V.	3.369	6.869	2.728	3.310	3.310	70,00%
Aqualia France	400	10.630	(2.078)	2.754	2.754	100,00%
Aqualia Gestion los Cabos SACV	2.285	58	(1)	9	9	70,00%
Aqualia Infraestructuras Inzenyring	64	3.148	3.674	2.967	2.967	49,00%
Aqualia Intech, S.A.	1.200	35.142	2.273	538	538	99,99%
Aqualia Latinoamérica, S.A.	14.573	(2.657)	(116)	(579)	(579)	94,00%
Aqualia MACE	30	3.256	2.982	2.984	2.984	51,00%
Aqualia México, S.A. de C.V.	8.070	994	(2.647)	(2.322)	(2.322)	0,01%
Aqualia New Europe B.V.	16.000	(4.349)	(4)	2.253	2.253	100,00%
Aqualia Portugal	22.518	(36)	(18)	(8)	(8)	100,00%
Aqualia Villa del Rosario S.A.	1.330	(319)	226	(92)	(92)	95,00%
Aquamaior - Aguas de Campo Maior, S.A.	50	373	7	(11)	(11)	100,00%
Aquos El Realito, S.A. DE CV	11.651	3.045	5.552	362	362	46,00%
Cartagua, Aguas do Cartaxo, S.A.	1.850	729	424	147	147	60,00%
Compañía Onubense de Aguas, S.A. (*)	60	(72)	0	0	0	60,00%
Conservación y Sistemas, S.A.	300	1.513	(58)	(8)	(8)	99,99%
Depurplan 11, S.A.U.	4.700	1.170	1.023	719	719	100,00%
Ecosistema de Morelos S.A. DE C.V.	1.296	836	1.174	512	512	0,00%
Empresa Gestora de Aguas Linenses, S.L.	3	2.639	1.938	1.345	1.345	52,33%
Empresa Mixta de Butarque, S.A. (*)	120	(120)	0	0	0	70,00%
Entemanser, S.A.	2.137	13.366	3.365	2.714	2.714	97,00%
FCC Aqualia América, S.A.U. (*)	601	(1.300)	0	(417)	(417)	100,00%
Flores, Rebollo y Morales, S.L.	18	12	0	(18)	(18)	60,00%
H.A.A. & CO. Integrated Serv	1.187	2.923	370	273	273	51,00%
Hidrotec Water Technology, S.L.U.	3	15.628	4.654	3.503	3.503	100,00%
Infraestructuras y Dist. General del Agua, S.L. (*)	63	4.205	389	340	340	100,00%
Qatarat Saquia Desalination	4.985	18.597	6.000	3.671	3.671	51,00%
Sociedad Española de Aguas Filtradas, S.A.	1.087	2.543	1.657	1.178	1.178	99,99%
Servicios Hidricos Agricultura y Ciudad S.L.	3	(313)	(215)	(161)	(161)	100,00%
Sharikeet Tahlya Miyah Mostaganem	32.579	105.021	18.931	15.013	15.013	25,50%
Sociedad Ibérica del Agua, S.A.U. (*)	60	193	102	77	77	100,00%
Tratamiento Industrial de Aguas, S.A.	656	15.380	8.508	6.603	6.603	99,99%
Water Sur, S.L.	6	(44)	28	28	28	60,00%

(*) Unaudited data as at 31 December 2021.

e) Details of equity instruments in associates. Details of the balance at 31 December 2022 and 31 December 2021 are presented below:

EQUITY INSTRUMENTS IN ASSOCIATES 2022				
<i>(Amounts in thousands of euros)</i>				
PARTNERSHIPS	ACTIVITY	INVESTMENT	PROVISION	NET
Aguas de Denia, S.A. Pedro Esteve, 17 - Denia (ALICANTE)	Water cycle management	400	-	400
Aguas de Archidona, S.L. Pza. Ochavada, 1 - Archidona (MÁLAGA)	Water cycle management	72	(5)	67
Aigües del Vendrell, S.A. c/ Vella, 1 - El Vendrell (TARRAGONA)	Water cycle management	490	-	490
Aguas de Narixa, S.A. C/Málaga, 11 - Nerja (MÁLAGA)	Water cycle management	300	-	300
Concesionaria de Desalación de Ibiza, S.A. Rotonda de Sta. Eulalia, s/n - Ibiza (BALEARIC ISLANDS)	Operation of desalination plants	1.082	-	1.082
AIE Costa Tropical de Granada Plaza Aurora, s/n - Motril (GRANADA)	Water cycle management	828	-	828
Aguas de Guadix, S.A. C/ Córdoba, 5 - Guadix (ALMERÍA)	Water cycle management	844	(666)	178
Compañía de Servicios Medioambientales do Atlántico, S.A. Carretera de Cedeira, km1 - Narón (LA CORUÑA)	Water cycle management	294	-	294
EMANAGUA - Empresa Municipal de Aguas de Níjar, S.A. Plaza de la Glorieta, 1 - Níjar (ALMERÍA)	Water cycle management	221	-	221
Empresa Municipal Aguas de Algeciras, S.A. C/Virgen del Carmen, s/n - Algeciras (CÁDIZ)	Water cycle management	442	(276)	166
Empresa Municipal de Aguas de Linares, S.A. C/ Cid Campeador, 7 - Linares (JAEN)	Water cycle management	147	-	147
Empresa Municipal Aguas de Benalmádena, S.A. Expl. Ap.Tívoli, s/n - Arroyo de la Miel (MÁLAGA)	Water cycle management	1.310	(209)	1.101
Empresa Municipal Aguas de Toxiria, S.A. Plaza de la Constitución - Torredonjimeno (JAÉN)	Water cycle management	118	(25)	93
Aigües del Segarra Garrigues, S.A. C/Santa Clara, 4 - Tárrega (LÉRIDA)	Construction and operation of irrigation systems	309	-	309
Girona, S.A. Travesía del Carril, 2 - GERONA	Water cycle management	365	-	365
New Company of Aguas de Ibiza, S.A. C/Bartolomé Rosselló, 18 - (IBIZA)	Water cycle management	28	-	28
Orasqualia O~M Nile City Towers - Cairo (EGYPT)	Sewage treatment plant maintenance	1.508	-	1.508
Sera.Q.A. Duitama, S.A. (COLOMBIA)	Water cycle management	94	(67)	27
Suministros Aguas de Querétaro, S.A. de C.V. Santiago de Querétaro - Querétaro Arteaga (MEXICO)	Water cycle management	182	-	182
Codeur, S.A. C/Mayor, 22 - Vera (ALMERÍA)	Water cycle management	6.500	(2.395)	4.105
Aguas de Langreo, S.L. C/Alonso del Riesgo, 3 - Langreo (ASTURIAS)	Water cycle management	882	-	882
Orasqualia Devel. Waste T.P. S.A.E. 2112 South Tower - New Cairo (EGYPT)	Sewage treatment plant maintenance	10.922	(670)	10.252
Empresa Mixta de Aguas de Jódar, S.A. Pz. De España, 1 - 23500 JÓDAR (JAEN)	Water cycle management	73	(53)	20
Empresa Mixta de Aguas de Ubrique, S.A. C/JUZGADO S/N - 11600 - UBRIQUE (CÁDIZ)	Water cycle management	73	-	73
Oman Sustainable Water Services SAOC Batinah Highway - 322 - SOHAR (OMAN)	Construction and operation of desalination plants	713	-	713
TOTAL		28.197	(4.366)	23.831

EQUITY INSTRUMENTS IN ASSOCIATES 2021
(Amounts in thousands of euros)

PARTNERSHIPS	ACTIVITY	INVESTMENT	PROVISION	NET
Aguas de Denia, S.A. Pedro Esteve, 17 - Denia (ALICANTE)	Water cycle management	400	-	400
Aguas de Archidona, S.L. Pza. Ochavada, 1 - Archidona (MÁLAGA)	Water cycle management	72	-	72
Aigües del Vendrell, S.A. c/ Vella, 1 - El Vendrell (TARRAGONA)	Water cycle management	490	-	490
Aguas de Narixa, S.A. C/Málaga, 11 - Nerja (MÁLAGA)	Water cycle management	300	-	300
Concesionaria de Desalación de Ibiza, S.A. Rotonda de Sta. Eulalia, s/n - Ibiza (BALEARIC ISLANDS)	Operation of desalination plants	1.082	-	1.082
AIE Costa Tropical de Granada Plaza Aurora, s/n - Motril (GRANADA)	Water cycle management	828	-	828
Aguas de Guadix, S.A. C/ Córdoba, 5 - Guadix (ALMERÍA)	Water cycle management	844	(655)	189
Compañía de Servicios Medioambientales do Atlántico, S.A. Carretera de Cedeira, km1 - Narón (LA CORUÑA)	Water cycle management	294	-	294
EMANAGUA - Empresa Municipal de Aguas de Níjar, S.A. Plaza de la Glorietta, 1 - Níjar (ALMERÍA)	Water cycle management	221	-	221
Empresa Municipal Aguas de Algeciras, S.A. C/Virgen del Carmen, s/n - Algeciras (CÁDIZ)	Water cycle management	442	(279)	163
Empresa Municipal de Aguas de Linares, S.A. C/ Cid Campeador, 7 - Linares (JAÉN)	Water cycle management	147	-	147
Empresa Municipal Aguas de Benalmádena, S.A. Expl. Ap.Tívoli, s/n - Arroyo de la Miel (MÁLAGA)	Water cycle management	1.310	(40)	1.270
Empresa Municipal Aguas de Toxiría, S.A. Plaza de la Constitución - Torredonjimeno (JAÉN)	Water cycle management	118	(12)	106
Aigües del Segarra Garrigues, S.A. C/Santa Clara, 4 - Tárrega (LÉRIDA)	Construction and operation of irrigation systems	309	-	309
Girona, S.A. Travesía del Carril, 2 - GERONA	Water cycle management	365	-	365
New Company of Aguas de Ibiza, S.A. C/Bartolomé Rosselló, 18 - (IBIZA)	Water cycle management	28	-	28
Orasqualia O-M Nile City Towers - Cairo (EGYPT)	Sewage treatment plant maintenance	1.508	-	1.508
Sera.Q.A. Duitama, S.A. (COLOMBIA)	Water cycle management	94	(67)	27
Suministros Aguas de Querétaro, S.A. de C.V. Santiago de Querétaro - Querétaro Arteaga (MEXICO)	Water cycle management	182	-	182
IEA Aquagest Environment-Aqualia C/Condado de Jaruco, s.n. - Lloret de Mar (GERONA)	Holding of shares and carrying out studies	240	-	240
Codeur, S.A. C/Mayor, 22 - Vera (ALMERÍA)	Water cycle management	6.500	(543)	5.957
Aguas de Langreo, S.L. C/Alonso del Riesgo, 3 - Langreo (ASTURIAS)	Water cycle management	882	-	882
A.I.E. Costa Brava Abastament Aqualia - Sorea Sector Carlit, s/nº - 17487 EMPURIABRAVA (GERONA)	Upstream water supply	78	-	78
Aguas de Priego, S.L. Pz. De La Constitución, 3 - 14800 PRIEGO DE CÓRDOBA (CÓRDOBA)	Water cycle management	245	(245)	-
Empresa Mixta de Aguas de Jódar, S.A. Pz. De España, 1 - 23500 JÓDAR (JAEN)	Water cycle management	73	(35)	38
Empresa Mixta de Aguas de Ubrique, S.A. C/JUZGADO S/N - 11600 - UBRIQUE (CÁDIZ)	Water cycle management	73	-	73
Oman Sustainable Water Services SAOC Batinah Highway - 322 - SOHAR (OMAN)	Construction and operation of desalination plants	713	-	713
	TOTAL	17.838	(1.876)	15.962

The balance sheet data of these companies as at 31 December 2022 and 2021 are presented below. None of these companies are listed on the stock exchange and none of them have generated income from discontinued operations in 2022 and 2021.

EQUITY DATA OF ASSOCIATED COMPANIES 2022						
<i>(Amounts in thousands of euros)</i>						
PARTNERSHIPS	CAPITAL	Reserves and other equity items	RESULT 2022			
			Operating result	Result Continuing Operations	Result	Participation
Aguas de Archidona, S.L.	150	(10)	6	(14)	(14)	48,00%
Aguas de Denia, S.A. (*)	425	948	(235)	(176)	(176)	33,00%
Aguas de Guadix, S.A.	200	244	186	140	140	40,00%
Aguas de Langreo, S.L.	1.800	95	12	(104)	(104)	49,00%
Aguas de Narixa, S.A.	600	752	752	501	501	50,00%
AIE Gestion Servicios Hidráulicos Ciudad Real (*)	0	0	76	156	156	75,00%
AIE Costa Tropical de Granada	0	1.622	5.900	4.223	4.223	51,00%
IEA SOREA Aqualia (*)	0	0	(96)	0	0	37,50%
Aigües del Segarra Garrigues, S.A.	30.000	(2.361)	3.679	2.265	2.265	1,00%
Aigües del Vendrell, S.A. (*)	1.000	(388)	(333)	(415)	(415)	49,00%
Cía. de Serv. Medioambientales do Atlántico, S.A.	601	454	20	4	4	49,00%
CODEUR, S.A.	200	1.702	121	(28)	(28)	28,00%
Concesionaria de Desalación de Aguas de Ibiza, S.A.	1.850	(187)	(301)	(401)	(401)	50,00%
EMANAGUA - Empresa Municipal de Aguas de Níjar, S.A.	450	2.146	291	207	207	49,00%
Empresa Mixta de Aguas de Jódar, S.A.	150	(108)	3	(38)	(38)	49,00%
Empresa Municipal de Aguas de Linares, S.A.	300	120	(30)	(23)	(23)	49,00%
Empresa Municipal Aguas de Algeciras, S.A.	451	(113)	192	5	5	49,00%
Empresa Mixta de Aguas de Ubrique, S.A.	150	151	27	19	19	49,00%
Empresa Municipal de Aguas Benalmádena, S.A.	1.803	399	349	39	39	50,00%
Empresa Municipal de Aguas de Toxiria, S.A.	240	(52)	(27)	(28)	(28)	49,00%
Girona, S.A.	1.200	4.377	(236)	(109)	(109)	33,61%
Nueva Sociedad de Aguas de Ibiza, S.A. (*)	60	176	(21)	(16)	(16)	40,00%
Oman Sustainable Water Services SAOC	1.085	1.801	1.632	1.464	1.464	49,00%
Orasqualia Devel.waste T.P. S.A.E.	29.458	(7.745)	5.321	3.571	3.571	45,00%
Orasqualia O&M	3.016	2.519	1.545	1.392	1.392	50,00%
SERA.Q.A. Duitama, S.A. (*)	71	(26)	0	0	0	30,60%
Suministro de Agua de Queretaro, SA de CV	18.196	29.223	10.741	5.639	5.639	1%

(*) Unaudited data

EQUITY DATA OF ASSOCIATED COMPANIES 2021							
<i>(Amounts in thousands of euros)</i>							
PARTNERSHIPS	CAPITAL	Reserves and other equity items	OUTCOME 2021				
			Operating result	Result Continuing Operations	Result	Participation	
Aguas de Archidona, S.L.	150	5	40	12	12	48,00%	
Aguas de Denia, S.A. (*)	425	1.124	112	84	84	33,00%	
Aguas de Guadix, S.A.	200	272	230	173	173	40,00%	
Aguas de Langreo, S.L.	1.800	199	97	(57)	(57)	49,00%	
Aguas de Narixa, S.A.	600	250	193	2	2	50,00%	
Aguas de Priego, S.L.	500	(1.081)	22	(135)	(135)	49,00%	
AIE Gestion Servicios Hidráulicos Ciudad Real (*)	0	0	69	147	147	75,00%	
AIE Costa Brava Abastament Aqualia - Sorea	156	0	(3)	259	259	50,00%	
AIE Costa Tropical de Granada	0	1.622	2.763	1.354	1.354	51,00%	
IEA SOREA Aqualia (*)	0	404	(1)	254	254	37,50%	
Aigües del Segarra Garrigues, S.A.	30.000	(1.125)	1.702	1.091	1.091	1,00%	
Aigües del Vendrell, S.A. (*)	1.000	27	216	(38)	(38)	49,00%	
Cía. de Serv. Medioambientales do Atlántico, S.A.	601	450	29	9	9	49,00%	
CODEUR, S.A.	200	1.730	884	723	723	28,00%	
Concesionaria de Desalación de Aguas de Ibiza, S.A.	1.850	555	747	324	324	50,00%	
EMANAGUA - Empresa Municipal de Aguas de Níjar, S.A.	450	1.575	114	70	70	49,00%	
Empresa Mixta de Aguas de Jódar, S.A.	150	(71)	113	44	44	49,00%	
Empresa Municipal de Aguas de Linares, S.A.	300	435	389	292	292	49,00%	
Empresa Municipal Aguas de Algeciras, S.A.	451	(119)	221	19	19	49,00%	
Empresa Mixta de Aguas de Ubrique, S.A.	150	132	23	16	16	49,00%	
Empresa Municipal de Aguas Benalmádena, S.A.	1.803	737	779	376	376	50,00%	
Empresa Municipal de Aguas de Toxiria, S.A.	240	(24)	50	31	31	49,00%	
Girona, S.A.	1.200	4.486	(325)	(153)	(153)	33,61%	
Nueva Sociedad de Aguas de Ibiza, S.A. (*)	60	192	60	45	45	40,00%	
Oman Sustainable Water Services SAOC	1.085	1.061	975	831	831	49,00%	
Orasqualia O&M	3.016	2.210	1.190	955	955	50,00%	
SERA.Q.A. Duitama, S.A. (*)	0	0	0	0	0	30,60%	
Suministro de Agua de Queretaro, SA de CV	18.196	19.501	9.512	5.861	5.861	1%	

(Unaudited data as at 31 December 2021)

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

7.2. Long-term loans to Group and associated companies

They are detailed as follows:

LONG-TERM LOANS TO COMPANIES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Loans to Group companies (Note 7.2.1)	1.028.950	873.807
Interest on loans to Group companies (Note 7.2.1)	1.222	1.161
Loans to Associated Companies (Note 7.2.2)	13.098	21.992
TOTAL	1.043.270	896.960

7.2.1 Long-term loans to group companies. The detail and balance at 31 December 2022 and 2021 is as follows:

LOANS TO GROUP COMPANIES

	<i>(Amounts in thousands of euros)</i>		INTEREST	EXPIRY
	31.12.22	31.12.21		
Aqua Campiña, S.A.	1.280	1.721	Euribor + 1 %.	2026
Aquajerez, S.L.	9.805	10.489	3 % + Variable	2038
Aqualia Desalación Guaymas, S.A. de C.V.	14.377	12.956	- (*)	2025
Aquos El Realito, S.A. de C.V.	6.382	5.751	- (*)	2037
Depurplán, S.A.U.	12.115	11.063	4,5 %	2027
Ecosistema de Morelos, S.A. de C.V,	4.858	4.378	9,8 %	2025
Aguas de las Galeras, S.L.	13.477	14.174	10 %	2025
FCC Aqualia USA Corp.	2.004	786	2 %	2025
Fomento de Construcciones y Contratas, S.A.	806.479	806.479	3,55%	2048
Georgia Global Utilities JSC	153.853	-	7,35%	2024
Qatarat Saquia Desalination	5.548	5.226	5 %	2025
Sociedad Española de Aguas Filtradas, S.A.	698	706	4,25%	2025
Water Sur, S.L.	78	78	-	2025
Interests	1.222	1.161		
Impairment FCC Aqualia USA Corp.	(2.004)	-		
TOTAL	1.030.172	874.968		

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

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

On 18 August 2022, the Company granted a loan of USD 164,300 thousand to its subsidiary in Georgia, Georgia Global Utilities, to enable it to repay early the bond issued in 2020 and maturing in 2025, which was a precondition for the spin-off of the energy business and the completion of the second stage of the stake purchase transaction (see note 7.1).

7.2.2 Long-term receivables from associates are as follows:

	LOANS TO AFFILIATED COMPANIES		INTEREST	EXPIRY
	<i>(Amounts in thousands of euros)</i>			
	31.12.22	31.12.21		
AIE Gest. Hydraulic Services Ciudad Real	79	79	-	2030
Emp. Municipal de Aguas de Algeciras, S.A.	1.066	1.424	EURIBOR + 1%.	2045
Emp. Municipal de Aguas de Benalmádena, S.A.	1.601	2.388	EURIBOR (12) + 0.9%.	2025
Emp. Municipal de Aguas de Toxiria, S.A.	242	282	EURIBOR (12) + 1%.	2029
Aguas de Langreo, S.L.	2.622	2.988	EURIBOR + 1	2031
EMANAGUA - Empresa Mpal de Aguas de Nijar	1.712	1.979	EURIBOR (12) + 1.25%.	2029
Aigües del Tomoví, S.A.	1	1	4%	2032
Aigües del Vendrell, S.A.	4.575	4.798	5,50 %	2044
Aguas de Archidona, S.A.	411	433	LEGAL I.I.T. + 3%.	2036
Aguas de Narixa, S.A.	-	3.850	6,3 %	2034
Aguas de Priego, S.L.	-	2.929	5%	2023
Empresa Mixta de Aguas de Jódar, S.A.	766	807	7%	2035
Orasqualia Development Waste Treatment	23	34	-	2030
TOTAL	13.098	21.992		

In 2022, the company Aguas de Narixa, by decision of its board of directors, repaid in advance the loan it had been granted by the Company during the concession term.

Also in 2022, the agreement reached with the City Council of Priego de Córdoba for the acquisition by the latter of the 49 % that the Company held in that company has led to the reclassification of the outstanding balance at 3 August 2022 (date of the agreement) from "Non-current receivables from associates" to "Non-current receivables from third parties" (see note 8.2).

NOTE 8. FINANCIAL ASSETS BY CATEGORY

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

	FINANCIAL ASSETS BY CATEGORY (Amounts in thousands of euros)			31.12.21		
	Non-current	Current	Total	Non-current	Current	Total
Financial assets at fair value through equity						
Unquoted equity instruments (note 8.1)	10.167	-	10.167	10.167	-	10.167
Financial assets at cost						
Loans to group and associated companies (notes 7.2 and 9)	1.043.270	124.532	1.167.802	896.960	72.619	969.579
Loans to third parties (note 8.2 and 9.2)	57.080	12.691	69.771	62.946	10.015	72.961
Other financial assets with group companies and associates (note 8.3)	-	7.995	7.995	-	10.447	10.447
Other financial assets with third parties (note 8.3)	26.820	4.920	31.740	23.027	13.886	36.913
Trade and other receivables (note 10)	-	249.337	249.337	-	180.203	180.203
TOTAL FINANCIAL ASSETS	1.137.337	399.475	1.536.812	993.100	287.170	1.280.270

The fair value of financial assets does not differ significantly from their carrying amount. The only gains and losses on financial assets relate to the impairment losses detailed in Note 10.3 and the financial income from interest on loans, which amounted to Euros 43,585 thousand at 31 December 2022 (Euros 38,485 thousand at 31 December 2021).

8.1. Unquoted Equity Instruments

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

	EQUITY INSTRUMENTS (Amounts in thousands of euros)	31.12.22	31.12.21
Other investments		10.167	10.167
	TOTAL	10.167	10.167

The amount recorded under this heading corresponds to the 25.5% stake held by the Company in Shariket Miyeh Ras Djinet, the voting rights of which have been transferred to one of the shareholders for a period of 9 years from 1 January 2019.

Since that time, the Company began to measure the investment at fair value by discounting the cash flows forecast in the model over the life of the contract at a discount rate of 8.7%, which takes into account the location of the desalination plant in Algeria and the high proportion of collections in US dollars. This valuation resulted in an adjustment of Euros 5,953 thousand in 2019 in the "Adjustments due to changes in value" account in equity (see note 12.4).

During 2021, (see note 12.4) the Company recorded the receipt of dividends of Euros 233 thousand net of tax from this investment.

8.2. Credits to third parties

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

Details as at 31 December 2022 and 2021 are as follows:

	CREDITS TO THIRD PARTIES (Amounts in thousands of euros)		FINAL MATURITY	
	31.12.22	31.12.21	< 5 YEARS	> 5 YEARS
Aguas de Priego de Córdoba, Empresa municipal, S.A.	2.792	-		>2027
Alboraya Town Hall	806	1.292		>2027
Alcalá de Henares Town Council	1.896	2.407		>2027
Aller Town Council	-	50		
Ávila City Council	470	469		>2027
Town hall of Bell-Loch Romanya	-	59		
Bollullos Par del Condado Town Council	1.379	1.413		>2027
Calasparra Town Council	42	83	2024	
Callosa del Segura Town Council	-	1.297		
Caravaca de la Cruz Town Council	44	80		>2027
Chipiona Town Council	599	1.282		>2027
Cristina Town Council	8	24		>2027
El Vendrell Town Council	62	62		>2027
Gáldar Town Council	2.528	2.193		>2031
Güímar Town Hall	88	88		>2027
Hellín Town Council	1	4	2024	
Hondón de los Frailes Town Council	-	8		
Jaén City Council	18.788	21.627		>2027
La Guardia Town Council	335	353		>2027
La Línea Town Council	753	780		>2027
Lepe Town Hall	8.509	10.287		>2027
Llera City Council	-	36		
La Albuera Town Council	-	48		
Magán Town Council	60	92		>2027
Platja d'Aro Town Council	3.077	2.544		>2027
Medina del Campo Town Council	46	53		>2027
Olivenza City Council	-	174		>2027
Ribera del Fresno Town Council	278	278		>2027
Ronda City Council	1.660	1.892		>2027
San Pedro del Pinatar Town Council	211	240		>2027
San Lorenzo del Escorial Town Council	1.916	1.916		>2027
Sant Fost Town Council	24	83		>2027
Solana de Los Barros Town Council	51	74		>2027
Turcia Town Council	9	8		>2027
Vélez-Málaga Town Council	5.323	6.520		>2027
Villarrubia de Santiago Town Council	139	144		>2027
General Menacho Base	79	96		>2027
Campo de Gibraltar Region	4.788	4.890		>2027
Costs to staff and other third parties	319	-	2024	
Total Loans to third parties	57.080	62.946		

8.3 Other financial assets

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

OTHER FINANCIAL ASSETS (Amounts in thousands of euros)

Non-current	31.12.22	31.12.21
Long-term deposits and guarantees given	26.820	23.027
TOTAL	26.820	23.027
Current	31.12.22	31.12.21
Short-term deposits and guarantees lodged	4.920	13.886
Dividends receivable from Group and associated companies (note 8.3.1)	7.995	10.447
TOTAL	12.915	24.333

8.3.1 Dividends receivable from group and associated companies

Details of dividends receivable from Group and associated companies and shares in income receivable at 31 December 2022 and 2021 are as follows:

DIVIDENDS RECEIVABLE FROM GROUP AND ASSOCIATED COMPANIES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
A.I.E. Gestión de servicios hidráulicos Ciudad Real	117	167
A.I.E. Sorea - Aqualia	-	179
A.I.E. Costa Tropical de Granada	5.235	3.082
A.I.E. Costa Brava Abastament Aqualia Sorea	-	130
Aguas de Guadix, S.A.	135	104
Aqua Campiña, S.A.	-	176
Aquajerez, S.L.	1.332	3.819
Aqualia Mace LLC	421	-
Empresa Municipal de Aguas de Linares, S.A.	143	-
Orasqualia Development Waste Treatment Plant	275	-
Orasqualia O&M	337	500
Shariket Tahlya Miyah Mostaganem, S.p.a.	-	2.199
Sociedad Ibérica del Agua, S.A.U.	-	76
Suministro de Aguas de Querétaro, S.A.	-	15
TOTAL	7.995	10.447

NOTE 9.SHORT-TERM RECEIVABLES

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

SHORT-TERM CREDITS		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Loans to group and associated companies	124.531	72.619
Other loans to third parties outside the group	12.691	10.015
TOTAL	137.222	82.634

9.1. Loans to group and associated companies: The detail at 31 December 2022 and 2021 is as follows:

SHORT-TERM LOANS TO GROUP AND ASSOCIATED COMPANIES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Loans to group and associated companies	106.476	59.005
Short-term interests in group and associated companies	18.666	14.562
Impairment of receivables from group and associated companies	(611)	(948)
TOTAL	124.531	72.619

SHORT-TERM LOANS TO GROUP AND ASSOCIATED COMPANIES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
A.I.E. Costa Tropical de Granada	13.688	14.768
Abrantaqua	1.993	2.002
Acque de Caltanissetta, S.P.A.	5.511	3.403
Aguas de Guadix, S.A.	-	2
Aguas de Archidona, S.L.	28	27
Aguas de Langreo, S.L.	732	732
Aguas de las Galeras, S.L.	1.810	809
Aguas de Narixa, S.A.	-	446
Aguas de Priego, S.L.	-	273
Aguas del Puerto Municipal Company	22	21
Aigües de Vallirana, S.A.U.	1.526	797
Aigües del Vendrell, S.A.	305	195
Aqua Campiña, S.A.	517	563
Aquajerez, S.L.	1.363	1.184
Aqualia Colombia, S.A.	6.035	-
Aqualia Czech, S.L.	5	143
Aqualia Flandes, S.A.S. E.S.P.	794	-
Aqualia Georgia, L.L.C	102	-
Aqualia Latinoamérica, S.A.	29.523	202
Aqualia México, S.A. de C.V.	4.209	4.667
Aqualia Intech, S.A.	419	359
Aqualia MACE	749	-
Aqualia Villa del Rosario, S.A.	473	-
Aquamaior - Aguas de Campo Maior, S.A.	1.296	502
Cartagua, Aguas do Cartaxo, S.A.	3.201	4.027
Compañía de Servicios Medioambientales Do Atlántico, S.A.	15	10
Conservación y Sistemas, S.A.	2.018	1.845
Depurplán 11, S.A.U.	1.141	1.072
EMANAGUA - Emp. Municipal de Aguas de Nijar, S.A.	412	474
Ematoxiria, S.A.	72	63
Empresa Gestora Aguas Linenses, S.L.	14	16
Emp. Mixta de Aguas de Jodar, S.A.	89	62
Emp. Municipal de Aguas de Benalmádena, S.A.	802	796
Empresa mixta de aguas y servicios, S.A.	12	11
Empresa municipal de Aguas de Algeciras, S.A.	581	434
Entemanser, S.A.	139	1
FCC Aqualia América, S.A. Sole-Shareholder Company	-	460
FCC Construcción, S.A.	61	1
FCC Medio Ambiente, S.A.	26	-
Fomento de Construcciones y Contratas, S.A.	2.465	2.521
Genesis Lodos, S.L.	2	-
Georgia Global Utilites, JSC	1.193	-
Hidrotec Tecnología del Agua, S.L.U.	260	474
Infraestructuras y Distribución General del Agua, S.L.	422	390
Mantenimiento de Infraestructuras, S.A.	12	-
Naunet, S.A.S.	549	-
Oman Sustainable Water Services SAOC	17	16
Sociedad Española de Aguas Filtradas, S.A.	203	146
Servicios Hídricos de Agricultura y Ciudad, S.L.U.	39.084	28.245
Shariket Tahlya Mostaganem, S.p.a.	30	28
Sociedad Ibérica del Agua, S.A.	16	37
Tratamiento Industrial de aguas, S.A.	521	231
Water Sur, S.L.	75	164
TOTAL	124.532	72.619

These receivables bear interest at market rates and the balance at 31 December 2022 includes an amount of Euros 1,572 thousand in respect of amounts receivable for corporate income tax from subsidiaries belonging to the FCC Aqualia tax group (Euros 1,371 thousand at 31 December 2021).

- 9.2. Loans to third parties outside the group. This caption mainly includes loans granted to local councils, maturing in the short term, for the execution of works and installations in the water network. The portion of these loans maturing in over one year is included under "Non-current financial assets" (see note 8.2). These loans include the following detail at 31 December 2022 and 2021:

CREDITS TO THIRD PARTIES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Commonwealth of Municipalities Campo de Gibraltar	248	244
Aguas de Priego de Córdoba, Empresa municipal de aguas, S.A.	235	-
Alboraya Town Council	188	184
Alcalá de Henares Town Council	370	370
Aller Town Council	37	41
Ávila City Council	321	321
Bollullos Par del Condado Town Council	317	143
Calasparra Town Council	43	44
Callosa del Segura Town Council	17	382
Caravaca de la Cruz Town Council	41	41
Chipiona Town Council	748	456
El Vendrell Town Council	-	28
Gáldar Town Council	483	480
Güímar Town Hall	29	29
Hondón de los Frailes Town Council	9	22
Jaén City Council	3.013	2.790
La Guardia Town Council	19	37
La Línea Town Council	47	47
Lepe Town Hall	2.323	(41)
Matalascañas Town Hall	-	454
Medina del Campo Town Council	8	8
Olivenza City Council	19	112
Platja d'Aro Town Council	542	532
Ribera del Fresno Town Council	465	465
Ronda City Council	219	207
San Isidro Town Council	-	47
San José del Valle Town Council	72	72
San Lorenzo del Escorial Town Council	57	226
San Pedro del Pinatar Town Council	29	27
Sant Fost Town Council	59	59
Ubrique Town Council	4	(34)
Vélez-Málaga Town Council	809	654
General Menacho Base	3	6
Santa Eulalia Siglo XXI, S.A.	-	434
Other credits	329	525
Credits with partners of joint ventures for difference contribution	1.588	603
Total Loans to third parties	12.691	10.015

NOTE 10. TRADE AND OTHER RECEIVABLES.

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

CUSTOMERS FOR SALES AND SERVICES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Invoiced production receivable from non-group customers	110.336	99.841
Executed production pending invoicing to non-group customers	54.275	51.913
Withholdings for guarantees from non-group customers	608	455
Public entities owed for non-fiscal items	147	-
Impairment of customer value	(29.397)	(27.227)
TOTAL	135.969	124.982

At 31 December 2022, 19,400 thousand euros of the net balance of Customers corresponds to Temporary Joint Ventures (15,998 thousand euros at 31 December 2021).

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

The difference between the amount of production recorded for each of the water supply works and services, valued in accordance with the criteria set out in note 4.10 "Income and expenses", and the amount certified for each of them is recognised as "Production executed and pending certification". At 31 December 2022, "Production executed and pending certification" includes Euros 4,580 thousand relating to construction work and Euros 49,695 thousand relating mainly to water supply to subscribers that were pending invoicing at that date (Euros 4,971 thousand relating to construction work and Euros 46,942 thousand relating to water supply at 31 December 2021).

10.2. The detail of the balance of "Trade receivables from Group companies and associates" at 31 December 2022 and 2021, which mainly includes commercial transactions, is as follows:

CUSTOMERS GROUP COMPANIES AND ASSOCIATES		
<i>(Amounts in thousands of euros)</i>		
GROUP COMPANIES	31.12.22	31.12.21
Abrantaqua, S.A.	158	426
Acque di Caltanissetta, S.P.A.	22.915	15.614
Aguas de las Galeras, S.L.	1.301	103
Aigües de Vallirana, S.A.U.	208	8
AISA D.O.O. Beograd-Vracar	1	1
Aqualia Montenegro	2	-
AISA Pristina LLC	6	19
Aqua Campiña, S.A.	39	27
Aquaervas - Aguas de Elvas, S.A.	38	219
Aquafundalia - Agua Do Fundao, S.A.	43	232
Aquajerez, S.L.	5.844	4.992
Aqualia Desalación Guaymas, S.A. de C.V.	164	154
Aqualia France	101	131
Aqualia Georgia, LLC	510	-
Aqualia Infraestructuras Inzenyring	2	1
Aqualia Latinoamérica, S.A.	4	1
Aqualia Mace LLC	154	254

CUSTOMERS GROUP COMPANIES AND ASSOCIATES

(Amounts in thousands of euros)

Aqualia Mace Qatar	20	437
Aqualia Infraestructuras de México, S.A. de C.V.	2.220	1.449
Aqualia Intech, S.A.	384	731
Aquamaior - Aguas del Campo Maior, S.A.	37	27
Cartagua, Aguas Do Cartaxo, S.A.	3.192	2.964
Conservación y Sistemas, S.A.	1	70
Depurplan 11, S.L.	73	74
Empresa Gestora de Aguas Linenses, S.L.	62	144
Entemanser, S.A.	101	33
Fast Consortium Limited LLC	6	7
FCC Aqualia USA Corp	302	213
FCC Construcción, S.A.	43	67
FCC Medio Ambiente, S.A.	39	31
Fedemes, S.L.	14	7
Fomento de Construcciones y Contratas, S.A.	152	10
H.A.A.&CO	179	107
Hidrotec Tecnología del Agua, S.L.	19	45
Infraestructuras y Distribución General del Agua, S.L.	23	101
Matinsa	9	17
Qatarat Saquia Desalination	21	1
Severomoravske Vodovody a Kanalizace Ostrava, a.s.	287	256
Sociedad Española de Aguas Filtradas, S.A.	110	86
Shariket Tahlya Miyah Mostaganem S.p.A.	651	582
South Cluster SPV LLC	1.185	-
Tratamiento Industrial de aguas, S.A.	58	99
Villena O&M, S.L.	-	23
Vodotech Spol, S.R.O.	2	2
Water Sur, S.L.	4	26
PARTNER COMPANIES		
Aguas de Archidona, S.L.	395	233
Aguas de Guadix, S.A.	16	31
Aguas de Langreo, S.L.	635	477
Aguas de Narixa, S.A.	26	14
Aguas de Priego, S.L.	-	412
AIE Costa Tropical de Granada	1.273	1.084
Aigües del Segarra Garrigues, S.A.	21	25
Aigües del Vendrell, S.A.	53	46
Compañía de Servicios Medioambientales Do Atlántico, S.A.	38	43
Codeur, S.A.	38	-
Concesionaria de Desalación de Ibiza, S.A.	76	39
Empresa Mixta de Aguas de Jodar, S.A.	875	629
Empresa Mixta de Aguas de Ubrique, S.A.	375	370
Empresa Mixta de Aguas y Servicios, S.A.	190	104
Empresa Municipal de Aguas de Algeciras, S.A.	14.868	9.860
Empresa Municipal de Aguas de Benalmádena, S.A.	137	64
Empresa Municipal de Aguas de Linares S.A.	3.538	1.542
Empresa Municipal de Aguas de Níjar, S.A.	2.810	3.783
Empresa Municipal de Aguas de Toxiria, S.A.	891	932
New Company of Aguas de Ibiza, S.A.	1	2
Oman Sustainable Water Services, SAOC	177	232
Orasqualia Devel. Water Treatment Plant. S.A.E.	72	16
Orasqualia O&M	63	11
TOTAL	67.252	49.740

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

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

IMPAIRMENT OF TRADE RECEIVABLES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Customer insolvencies	29.397	27.227
Debtor insolvencies	880	639
TOTAL	30.277	27.866

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

IMPAIRMENT OF TRADE RECEIVABLES	
<i>(Amounts in thousands of euros)</i>	
<i>Variation between 1 January 2021 and 31 December 2021</i>	
Balance as at 31 December 2020	27.552
Impairment allowance allocated in the current year	3.592
Reversal of impairment losses recognised in prior years	(3.278)
Balance as at 31 December 2021	27.886
<i>Variation between 1 January 2022 and 31 December 2022</i>	
Balance as at 31 December 2021	27.886
Impairment allowance allocated in the current year	3.372
Reversal of impairment losses recognised in prior years	(981)
Balance as at 31 December 2022	30.277

The Company recognises the net effect of this provision under "Losses, impairment and changes in trade provisions" (see Note 19.11). It also includes under this heading the loss on receivables considered uncollectible amounting to Euros 2,976 thousand at 31 December 2022 (Euros 3,035 thousand at 31 December 2021) and other short-term provisions.

NOTE 11. CASH AND CASH EQUIVALENTS

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

In connection with the bond issue carried out by the Company in 2017 (see Note 15.1), guarantees have been provided in relation to certain accounts held by FCC Aqualia, S.A. with a balance at 31 December 2022 of Euros 51,136 thousand (Euros 259,956 thousand at 31 December 2021). These amounts include the balances of the debt service accounts amounting to Euros 17,088 thousand at 31 December 2022 and Euros 26,979 thousand at 31 December 2021.

NOTE 12. EQUITY

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

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

During 2018, **Fomento de Construcciones y Contratas, S.A.** sold 49% of its share capital to Global Infraco Spain, S.L.U., a company belonging to the IFM investment fund, and transferred 10% of its stake to a 100% FCC Group company called FCC MIDCO, S.A., 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 wholly-owned subsidiary of Fomento de Construcciones y Contratas, S.A. and therefore Fomento de Construcciones y Contratas, S.A. directly and indirectly owns 51% of FCC Aqualia, S.A.

12.2. The **share premium** is fully distributable as at 31 December 2022 and 2021.

12.3 The composition of the **reserves** as at 31 December 2022 and 2021 is as follows:

RESERVATIONS		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Legal reserve	29.000	29.000
Voluntary reserves	279.591	235.152
Special bookings	76	76
Goodwill reserves	32.635	32.635
TOTAL	341.302	296.863

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

At 31 December 2022, the **Legal Reserve** is equal to 20% of share capital and therefore no additional amount will be allocated in the distribution of profit for 2022 (see Note 3). Similarly, the Legal Reserve was fully funded at 31 December 2021.

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

The **voluntary reserves** are freely distributable as at 31 December 2022 and 2021.

Goodwill reserve. Pursuant to the provisions of article 273.4 of the Consolidated Text of the Spanish Companies Act until 31 December 2015, the Company had been setting up a restricted reserve for the amount of goodwill appearing on the assets side of the balance sheet (see Note 5), the balance of which at 31 December 2022 is Euros 32,635 thousand (same balance at 31 December 2021).

In accordance with the amendments made to the Capital Companies Act by Law 22/2015 of 20 July on the Audit of Accounts, as from the financial years commencing on 1 January 2016, the Company discontinued contributions to this reserve for goodwill, and its amount must be reclassified to voluntary reserves and will be available from the financial year and in the amount exceeding the goodwill recognised on the assets side of the balance sheet. In 2022, no amount has been reclassified to Voluntary Reserves as the aforementioned circumstance has not arisen.

12.4 Adjustments for changes in value.

The composition of this heading is as follows:

ADJUSTMENTS FOR CHANGES IN VALUE		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Financial investments at fair value	4.978	4.978
TOTAL	4.978	4.978

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

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

NOTE 13. GRANTS

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

SUBSIDIES	
<i>(Amounts in thousands of euros)</i>	
<i>Variation between 1 January and 31 December 2022</i>	
Balance as at 31 December 2021	2.764
Additions for the year	-
Profit and Loss Account Assignment	(521)
Tax effect	109
Balance as at 31 December 2022	2.352

SUBSIDIES	
<i>(Amounts in thousands of euros)</i>	
<i>Variation between 1 January and 31 December 2021</i>	
Balance as at 31 December 2020	3.078
Additions for the year	5
Profit and Loss Account Assignment	(423)
Tax effect	104
Balance as at 31 December 2021	2.764

The profit and loss account includes an amount of EUR 521 thousand relating to the recognition of non-financial fixed assets in profit or loss (EUR 423 thousand at 31 December 2021).

The profit and loss account includes an amount of Euros 16,797 thousand in operating subsidies (Euros 23,317 thousand at 31 December 2021) relating to subsidies granted to the Company by the town councils to which it provides the integral water cycle service in recognition of the concession holder's operating deficit in the concessions in accordance with the terms of the respective specifications and contract.

The amounts receivable at 31 December 2022 and 2021 in this connection are shown in Note 16.

NOTE 14. PROVISIONS

Details and movement in 2022 and 2021 are as follows:

LONG-TERM PROVISIONS					
<i>Variation between 31 December 2021 and 2022</i>					
	BALANCE	(+)	(+)	(-)	BALANCE
	31.12.21	DOTATION	UPDATE	IMPLEMENTATION/REVERSAL	31.12.22
Pension provisions	129	25	-	(10)	144
Other provisions	30.388	2.734	20	(22.376)	10.766
Provisions for action on infrastructure	93.388	36.104	2.187	(22.452)	109.227
TOTAL	123.905	38.863	2.207	(44.838)	120.137

LONG-TERM PROVISIONS					
<i>Variation between 31 December 2020 and 2021</i>					
	BALANCE	(+)	(+)	(-)	BALANCE
	31.12.20	DOTATION	UPDATE	IMPLEMENTATION/REVERSAL	31.12.21
Pension provisions	-	129	-	-	129
Other provisions	33.217	1.663	65	(4.557)	30.388
Provisions for action on infrastructure	28.379	63.217	1.888	(96)	93.388
TOTAL	61.596	65.009	1.953	(4.653)	123.905

The "other provisions" recorded at 31 December 2022, amounting to Euros 2,734 thousand (Euros 1,663 thousand at 31 December 2021), are charged to "Other operating expenses" in the accompanying income statement and cover contractual liabilities that may give rise to a probable future payment obligation.

The restatement of provisions amounting to Euros 2,207 thousand at 31 December 2022 (Euros 1,953 thousand at 31 December 2021) is recognised with a charge to "Finance costs" (see Note 19.8) in the accompanying income statement account.

Long-term provisions relate to:

- a) Pension provisions. The Company has externalised all commitments in respect of social security pension supplements and retirement bonuses.
- b) Other provisions. This includes the estimates made by the Company of the contractual liabilities that may give rise to a future payment obligation. At 31 December 2021 it included a provision with a local council amounting to Euros 7,600 thousand for the out-of-court settlement reached between the parties and endorsed by the full council in December 2021, which at that time was awaiting judicial approval. This homologation has taken place in 2022 and then the provision has been applied to its concept.
- c) Provisions for actions on the infrastructure. These provisions are recorded when the Company is obliged to carry out infrastructure improvement actions and these actions are not offset by obtaining higher concession revenues. The balancing entry is "Intangible assets under concession agreement". Details by contract at 31 December 2022 and 2021 are as follows:

	31.12.22	31.12.21
<i>(Amounts in thousands of euros)</i>		
Albal (Alicante)	24	248
Algeciras (Cádiz)	2.077	2.025
Añover de Tajo (Toledo)	18	18
Arcos de la Frontera (Cádiz)	969	1.576
Arico (Santa Cruz de Tenerife)	700	700
Arnedo (La Rioja)	791	-
Ávila (Ávila)	1.665	1.769
Azuaga (Badajoz)	99	147
Barbate (Cádiz)	291	302
Benalup (Cádiz)	338	353
Calamonte (Badajoz)	-	96
Candelaria (Santa Cruz de Tenerife)	859	859
Candeleda (Ávila)	95	135
Cangas (Pontevedra)	1.414	2.062
Casas Ibañez Fuente Bal (Albacete)	-	152
Casasimarro	185	-
Caspe (Zaragoza)	91	91
Castrillón (Asturias)	4.419	4.207
Cazalegas (Toledo)	7	169
El Arenal - Lluçmajor (Balearic Islands)	21.622	-
Darro (Granada)	100	178
Denia (Alicante)	3.167	2.736
El Casar de Escalona (Toledo)	-	775
Fraga (Huesca)	15	15
Gáldar (Gran Canaria)	278	300
Guimar (Gran Canaria)	8.161	8.767
Hinojos (Huelva)	5	26

	31.12.22	31.12.21
<i>(Amounts in thousands of euros)</i>		
Huéscar (Granada)	87	113
La Nucia (Alicante)	5.694	5.694
La Puebla de Almoradiel (Toledo)	577	632
La Puebla de Montalbán (Toledo)	1.410	1.957
Lepe (Huelva)	28	28
Librilla (Murcia)	44	44
Llanera /Asturias)	1.348	1.573
Lleida (Lleida)	5.508	6.482
Los Alcázares (Murcia)	2.677	-
Los Yébenes (Toledo)	115	630
Mancomunidad de La Serena (Badajoz)	-	61
Mdad. de municipios de Campo de Gibraltar (Cádiz)	3.101	4.833
Community of Municipalities of Oropesa (Toledo)	391	475
Mazarrón (Murcia)	4.500	
Mérida (Badajoz)	128	131
Miajadas (Cáceres)	274	276
Moguer (Huelva)	-	13
Monforte de Lemos (Lugo)	1.475	1.321
Moratalla (Murcia)	552	600
Navalcán (Toledo)	3	4
Novelda (Alicante)	463	-
Salamanca	873	1.166
San José del Valle (Cádiz)	114	281
San Pedro del Pinatar (Murcia)	1	1
San Román (Toledo)	515	774
Santa Eulalia (Balearic Islands)	257	562
Santa María de Cayón (Cantabria)	740	740
Talavera de la Reina (Toledo)	2.229	-
Tarazona de la Mancha (Albacete)	42	-
Tarifa (Cadiz)	-	132
Toledo	30	91
Turleque (Toledo)	75	75
Vigo (Pontevedra)	28.122	36.593
Villacañas (Toledo)	122	144
Villamalea (Albacete)	34	-
Villaviciosa (Asturias)	147	147
Other contracts	161	109
TOTAL	109.227	98.388

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

NOTE 15. FINANCIAL LIABILITIES AND TRADE PAYABLES BY CATEGORY

The classification of financial liabilities at year-end 2022 and 2021 is as follows:

BALANCES AT 31.12.22 (in thousands of euro)	Non-current	Current	Total
Debits and payables			
Payable to group and associated companies (notes 15.3 and 15.4)	-	78.582	78.582
Amounts owed to credit institutions (note 15.2)	1.095.830	1.010	1.096.840
Bonds and other marketable securities (note 15.1)	648.284	9.691	657.975
Other financial liabilities (note 15.5)	44.160	16.554	60.714
Trade and other payables	-	239.126	239.126
TOTAL	1.788.274	344.963	2.133.237

BALANCES AT 31.12. 21 (in thousands of euros)	Non-current	Current	Total
Debits and payables			
Payable to group and associated companies (notes 15.3 and 15.4)	-	50.427	50.427
Amounts owed to credit institutions (note 15.2)	-	200.450	200.450
Bonds and other marketable securities (note 15.1)	647.924	714.926	1.362.850
Other financial liabilities (note 15.5)	42.608	12.048	54.656
Trade and other payables	-	244.094	244.094
TOTAL	690.532	1.221.945	1.912.477

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

Net gains and losses on financial liabilities mainly corresponding to financial expenses on debts to group and associated companies and to credit institutions and bondholders amounted to EUR 106 thousand and EUR 33,633 thousand, respectively as at 31 December 2022 (31 December 2021: EUR 248 thousand and EUR 30,380 thousand, respectively) (note 19.8) (note 19.8).

15.1. Bonds and other negotiable securities

The details of this heading are as follows:

Amounts in thousands of euros	31.12.22	31.12.21
Issuance of Irish-listed plain vanilla bonds and vcmt0 2027	648.284	647.924
TOTAL NON-CURRENT	648.284	647.924
Issuance of plain vanilla bonds listed in Ireland and vcmt0 2022	-	699.625
Interest on plain vanilla bonds quoted in Ireland	9.691	15.301
CURRENT TOTAL	9.691	714.926
TOTAL	657.975	1.362.850

The movement from 31 December 2021 to 31 December 2022 is as follows:

	Balance at 31.12.21	Amortisation	Interest and other	Balance as at 31.12.22
Debt securities issued within the E.U., which have been required to have a prospectus filed	1.362.850	(700.000)	(4.875)	657.975
	1.362.850	(700.000)	(4.875)	657.975

	Balance at 31.12.20	Emissions	Interest and other	Balance at 31.12.21
Debt securities issued within the E.U., which have required the registration of a prospectus	1.361.730	-	1.120	1.362.850
	1.361.730	-	1.197	1.362.850

Issuance of plain vanilla bonds listed in Ireland.

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

Subsequently, on 1 June 2017, the Irish Stock Exchange ("Irish Stock Exchange") approved the prospectus in relation to two issues of the Company's 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 maturity in 2022.
- 650,000,000 with an annual remuneration of 2.629% and maturity in 2027.

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

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

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

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

Under the heading "Interest, debentures, bonds and other marketable securities", the Company records an amount of 9,691 thousand euros at 31 December 2022 (15,301 thousand euros at 31 December 2021) for interest accrued since 8 June of each year.

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

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

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

15.2. In **debts with credit institutions**, the Company records the amount drawn down under the long-term syndicated financing agreement signed on 22 June 2022 by the Company with a group of banks in which Caixabank acts as agent bank, coordinating entity and sustainability agent.

The main features of this contract are as follows:

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

Funding Entity	Amount financed
Caixabank, S.A.	450.000
BBVA, S.A.	76.000
Credit Agricole Corporate Investment Bank, Suc. in Spain	76.000
ING Bank NV, Branch in Spain	100.000
Banco de Sabadell, S.A.	76.000
Komerčni Banka, A.S.	55.000
Société Generale, Sucursal en Espagne	21.000
Intesa San Paolo, S.P.A. Branch in Spain	76.000
Kutxabank, S.A.	70.000
Banco de Crédito Social Cooperativo, S.A.	50.000
Unicaja Banco, S.A.	50.000
Total	1.100.000

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

expert.

- In addition, the financing obtained entails another series of formal obligations for the financed party, such as:
 - Delivery of audited annual financial information to the agent bank no later than 180 days after the closing of such information.
 - Report prior to the payment of dividends to its shareholders or the raising of new indebtedness and send a certificate showing the calculations before and after payment or the raising of such indebtedness showing that the consolidated net debt ratio is equal to or less than 5.

At 31 December 2021, the Company had been granted a credit facility of Euros 900,000 thousand, with a drawn amount of Euros 200,000 thousand, as a contingent facility maturing on 4 May 2022, extendable at the Company's discretion for a further six months, to cover the amount of FCC Aqualia's and SmVak's obligations, which mature in June and July 2022, respectively. This policy accrued a structuring fee of Euros 900 thousand, of which Euros 450 thousand was recognised and pending disbursement at 31 December 2021.

15.3 Current payables to group companies and associates at 31 December 2022 and 2021 for financial transactions and consolidated tax effect are as follows:

<i>SHORT-TERM PAYABLES TO GROUP AND ASSOCIATED COMPANIES</i>		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Acque Di Caltanisseta, S.P.A.	1.903	1.277
Aguas de Archidona, S.L.	5	2
Aguas de las Galeras, SL	17	(4)
Aguas de Priego, S.L.	-	4
Aguas de Tomoví, S.A.	32	32
Aigües del Vendrell	(17)	(18)
Aigües de Vallirana, S.A.U.	1.178	875
Aqua Campiña, S.A.	11	9
Aqualia Czech, S.L.	19.750	3.067
Aqualia Intech, S.A.	5.462	455
Aqualia Latinoamérica, S.A.	5	-
Aqualia México, S.A. de C.V.	20	247
Augas Municipais de Arteixo, S.A.	1	1
Conservación y Sistemas, S.A.	4.435	4.397
Depurplan 11, S.A.U.	13.709	11.841
Empresa Gestora de Aguas Linenses, S.L.	3.093	2.666
Empresa mixta de Aguas de Jodar, S.A.	273	128
Empresa Mixta de Aguas de Ubrique, S.A.	539	573
Empresa mixta de Aguas y Servicios, S.A.	7	7
Empresa Mixta de Butarque, S.A.	166	166
Empresa mixta municipal de Aguas de Níjar (Mixed Municipal Water Company of Níjar)	-	7
Empresa Municipal de Aguas de Algeciras, SA	187	99
Empresa Municipal de Aguas de Toxiria, S.A.	5	266
Entemanser, S.A.	(848)	(984)
FCC Aqualia América, S.A.	431	-
FCC Construcción, S.A.	61	-
FCC Medio Ambiente, S.A.	262	301
Fomento de Construcciones y Contratas, S.A.	5	2
Proactiva Group	13	13
Hidrotec, S.L.	1.013	2.936
Infraestructuras y Distribución General de Agua, S.L.	3.263	2.615

SHORT-TERM PAYABLES TO GROUP AND ASSOCIATED COMPANIES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Servicios Hídricos de Agricultura y ciudad, S.L.U.	-	12
Sistemas y Vehículos de Alta Tecnología, S.A.	29	208
Sociedad Española de Aguas Filtradas, S.A.	5.781	4.485
Sociedad Ibérica del Agua, S.A.	26	-
Tratamiento Industrial de Aguas, S.A.	17.733	14.711
Water Sur, S.L.	32	31
TOTAL	78.582	50.427

At 31 December 2022, the short-term balance held with subsidiaries belonging to the FCC Aqualia tax group in respect of corporate income tax amounts to Euros 2,416 thousand (Euros 72 thousand at 31 December 2021).

The average interest rate applied was 0.10 % in 2022 and 2021.

15.4. Accounts payable to group and associated companies for commercial operations are as follows:

SHORT-TERM SUPPLIERS TO GROUP AND ASSOCIATED COMPANIES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Aguas de Archidona, S.L.	3	2
Aguas de Denia, S.A.	376	26
Aguas de las Galeras, S.L.	5	-
AIE Costa Tropical de Granada	19	3
Aigues del Vendrell		1
Aquajerez, S.L.	3	4
Aqualia France, S.A.	11	-
Aqualia Intech, S.A.	4.048	1.765
Aqualia latinoamérica, S.A.	-	2
Aqualia México, S.A. de C.V.	20	333
Áridos de Melo, S.L.	7	11
Asesoría financiera y de Gestión, S.A.	69	2
Ecoactiva Medioambiente, S.A.	3	4
Company. Gestora de Aguas Linenses, S.L.	29	3
Emp. Mixta de Aguas de Ubrique, S.A.	1	1
Emp. Mixta de Aguas y Servicios, S.A.	26	24
Emp. Municipal Mixed Water Company of Nijar	122	137
Empresa Municipal de Aguas de Algeciras, S.A.	6.644	3.642
Empresa Municipal de Aguas de Linares, S.A.	16	5
Entemanser, S.A.	3	7
FCC Ámbito, S.A.	8	7
FCC Construcción, S.A.	1.394	1.310
FCC Equal CEE, S.L.	-	2
FCC Industrial y Servicios Energéticos, S.A.	172	159
FCC Medio Ambiente, S.A.	137	68
Fedemes, S.L.	570	302
Fomento de Construcciones y Contratas, S.A.	2.823	2.661
Gamasur Gibraltar, S.L.	16	6
Gestión y Valor int. Centro, S.L.	1	
H.A.A.&CO. Integrated Service	(1)	-
Hidrotec Tecnología del Agua, S.L.	6.043	6.065
Infraestructuras y distribución general de aguas, S.L.	52	-
Matinsa, S.A.	2	-
Nueva Sociedad de Aguas de Ibiza, S.A.	1	-
Proveiments D'Aigua, S.A.	8	3
Severomoravske Vodovody A Kanal Ost	1	2
Sociedad Española de Aguas Filtradas, S.A.	1.192	316
Tratamiento Industrial de Aguas, S.A.	2.652	2.375

SHORT-TERM SUPPLIERS TO GROUP AND ASSOCIATED COMPANIES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
TOTAL	26.476	19.248

15.5. Other financial liabilities.

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

NOTE 16. GENERAL GOVERNMENT AND TAXATION

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

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

16.1 Balances with general government.

The detail of the balance at 31 December 2022 and 2021 with the Public Administrations is as follows:

DEBTOR PUBLIC ADMINISTRATIONS		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Current tax assets	566	274
Inland Revenue, VAT debtor	14.168	1.569
Public Treasury Debtor for subsidies granted	20.845	23.274
Taxes owed for other items	2.247	1.907
TOTAL	37.826	27.024
CURRENT GENERAL GOVERNMENT CREDITORS		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Current tax liabilities	4.998	7.043
Public Treasury Creditor for VAT.	9.290	-
Public Treasury Creditor for withholdings on account of personal employment	2.810	2.639
Inland Revenue withholding tax on movable and immovable capital	66	58
Taxes payable for other items	57.901	63.368
Accrual of fees and other taxes	936	805
Indirect taxes levied	1.962	1.542
Social Security Organisations, Creditors	5.643	5.228
Social Security Payable for current deferrals of contributions	39	39
Tax Authorities Payable for deferrals to personnel work account	40	40
TOTAL	83.685	80.762

The "Taxes payable for other items" mainly includes taxes collected by the Company on behalf of certain municipalities and still outstanding at 31 December 2022 and 2021.

16.2 Deferred tax assets and liabilities.

Deferred tax assets mainly relate to provisions not deductible for tax purposes in the year, the time limit on the

deduction of depreciation of fixed assets recorded in previous years and the tax loss carryforwards of joint ventures which are to be taken to income in the following year, while deferred tax liabilities basically relate to non-refundable subsidies and the taxable income of joint ventures which are to be taken to income in the following year.

DEFERRED TAX ASSETS		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Impairment of portfolio, fixed assets and customers	10.205	11.924
Depreciation	1.143	1.741
For the result of joint ventures carried forward and adjustments thereto	1.410	2.108
Other	842	109
TOTAL	13.600	15.882

DEFERRED TAX LIABILITIES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
For the result of joint ventures carried forward and adjustments thereto	1.208	3.204
For freedom of depreciation	345	1.584
Other	1.144	657
TOTAL	2.697	5.445

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

	Deferred tax assets	Deferred tax liabilities
Balance as at 31.12.2020	19.756	6.815
Originating in the exercise	4.687	(12.815)
Arising from previous years	(5.323)	13.772
Other adjustments	(3.238)	(2.327)
Balance at 31.12.2021	15.882	5.445
Originating in the exercise	2.434	4.830
Arising from previous years	(4.716)	(7.578)
Balance as at 31.12.2022	13.600	2.697

16.3 Reconciliation between accounting profit and taxable income:

The reconciliation of the accounting profit for the year to the taxable income for corporate income tax purposes at 31 December 2022 and 2021 is as follows:

RECONCILIATION OF THE ACCOUNTING RESULT WITH THE CORPORATE TAX BASE		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Accounting profit for the year before tax	136.320	97.248
Permanent differences	(67.044)	(9.390)
Adjusted accounting result	69.276	87.858
Temporary differences: Anticipated	(9.323)	(636)
Originating in the exercise	2.434	4.687
Arising from previous financial years	(11.757)	(5.323)
Temporary differences: Deferred	4.425	957
Originating in the exercise	15.793	(12.815)
Arising from previous financial years	(11.368)	13.772
Tax base	64.378	88.179

From the above table, it is worth noting the permanent differences for both years. These differences arise from the exemption for the avoidance of double taxation of dividends calculated at 95% of the amount recorded as Dividends in these financial statements and the impairments of concessions and shareholdings reversed in 2022.

16.4 Tax recognised in equity

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

16.5 Reconciliation between accounting profit and corporate income tax expense.

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

CALCULATION OF THE ACCOUNTING PROVISION FOR CORPORATION TAX		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Profit before tax	136.320	97.248
-Permanent differences	(67.044)	(9.390)
Adjusted accounting balance	69.276	87.858
Gross corporate income tax due (25%)	17.319	21.965
+Deductions and allowances	(779)	(794)
+Other Settings	1.184	1.188
Corporate income tax expense	17.724	22.359

At 31 December 2022, "Other adjustments" includes an expense of 3,523 thousand euros for corporate income tax accrued by permanent establishments abroad and an income of 2,339 thousand euros for the allocation to income of activation of financial charges and deductions for international double taxation).

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

16.6 Breakdown of corporate income tax expense

The breakdown of the income tax expense in 2022 and 2021 is as follows:

Breakdown of corporate tax expense		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Current tax	16.540	21.171
Deferred taxes	1.184	1.188
Total corporate income tax (expense)/revenue	17.724	22.359

16.7 Tax loss carryforwards and deductions pending application

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

16.8 Years pending inspection and inspection actions

In 2022 the tax audit to which the Company was subject for corporate income tax purposes for the years 2015 to 2017 as a result of its membership in those years of the 18/89 Tax Group, of which Fomento de Construcciones y Contratas, S.A. is the parent company, was completed without having had any impact on the Company's income statement for the year.

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

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

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

NOTE 17. LONG-TERM ACCRUALS AND DEFERRALS

This item in the balance sheet at 31 December 2022 and 2021 includes the amounts received in tariffs for works and investments involving environmental improvements to the water supply networks during the construction phase and until they are brought into operation.

NOTE 18. SURETIES AND GUARANTEES

At 31 December 2022, the Company has provided guarantees mainly to guarantee the fulfilment of its contractual obligations, as well as a guarantee in the presentation of tenders for future contracts, amounting to Euros 257,755 thousand (Euros 231,809 thousand at 31 December 2021). In addition, it has granted guarantees to third parties for the following group companies for the following amounts (in thousands of euros):

	31.12.22	31.12.21
Abrantaqua	463	463
Aqualia Latinoamérica, S.A.	2.124	2.367
Aguas de las Galeras, S.L.	3.340	3.340
Aquajerez, S.L.	224	224
Acque di Caltanissetta, S.p.a.	10.481	10.481
Aqualia Czech, S.L.	37	37
Aqualia Intech, S.A.	5.188	8.737
Concesionaria de Desalación de Ibiza, S.A.	-	9
Conservación y Sistemas, S.A.	71	146
Sociedad Española de Aguas Filtradas, S.A.	170	157
Tratamiento Industrial de Aguas, S.A.	24	21
Aqualia México, S.A. de C.V.	5.302	3.748
Aquamaior - Aguas de Campomaior, S.A.	900	900
Empresa Gestora de Aguas Linenses, S.L.	31	31
Hidrotec Tecnología del Agua, S.L.	57	57
Servicios Hídricos de Agricultura y Ciudad, S.L.U.	89	16
Aquos El Realito S.A. de CV	1.353	2.099
Ecosistema de Morelos S.A. de C.V.	250	-
Aqualia Gestión Los Cabos S.A. de CV	4.888	4.383
TOTAL	34.992	37.216

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

NOTE 19. INCOME AND EXPENSES

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

TURNOVER		
BY GEOGRAPHICAL LOCATION		
<i>(Amounts in thousands of euros)</i>		
Autonomous Community	31.12.22	31.12.21
Andalusia	194.772	183.604
Aragon	9.482	9.408
Asturias	31.020	29.425
Balearic Islands	37.979	37.729
Canary Islands	26.858	22.889
Cantabria	23.506	21.653
Castilla - La Mancha	75.070	68.579
Castile - Leon	48.928	48.254
Catalonia	67.130	68.272
Valencian Community	42.483	38.607
Extremadura	43.802	44.285
Galicia	74.137	62.578
Madrid	55.651	56.833
Murcia	33.073	32.756
Navarre	3.351	2.824
Basque Country	2.928	2.105
La Rioja	6.016	5.938
Melilla	5.063	1.702
National Total	781.249	737.441
International		
United Arab Emirates	472	400
Serbia	2	1
Czech Republic	259	374
Algeria	11.541	10.921
Egypt	172	188
Colombia	642	480
Italy	10.508	6.279
France	154	319
Mexico	189	335
Montenegro	4	-
Portugal	1.674	1.850
Saudi Arabia	773	63
Tunisia	162	-
United States	372	206
Ecuador	-	55
Romania	15	9
Qatar	6.456	371
Oman	725	272
Georgia	510	-
Total International	34.630	22.123
TOTAL	815.879	759.564
TURNOVER BY TYPE OF ACTIVITY		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Supply	417.255	404.906
Sanitation	114.282	117.535
Debugging	105.191	97.728
Hydraulic works	111.230	76.311
Income from equity investments	24.287	23.820
Desalination	13.926	12.910
Other income	29.708	26.354
TOTAL	815.879	759.564

Details of income from equity investments received from Group companies and associates in 2022 and 2021 are presented below:

DIVIDENDS RECEIVED		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Conservación y Sistemas, S.A.	-	197
Aqualia Czech, S.L.U.	-	11.044
Aqua Campiña, S.A.	173	176
Entemanser, S. A.	-	3.470
Infraestructuras y Distribución General del Agua, S.A.	340	62
Depurplan 11, S.A.	647	615
Sociedad Ibérica del Agua, S.A.U.	-	76
Aguas de las Galeras, S.L.	275	232
Aquajerez, S.L.	-	3.032
Aqualia Mace LLC	1.439	674
Aqualia Infraestructuras Inzenyring	1.491	1.275
Shariket Tahlya Miyah Mostaganem	5.624	-
Aqualia France	10.288	-
Aigües de Vallirana, S.A.U.	338	-
TOTAL GROUP COMPANIES	20.615	20.853
IEA Ciudad Real	117	110
AIE Costa Tropical de Granada	2.153	690
Aigues del Segarra Garrigues, S.A.	36	-
Aguas de Guadix, S.A.	67	67
AIE Costa Brava Ab. Aqualia-Sorea	-	130
Aguas de Narixa, S.A	-	-
Empresa Municipal de Aguas de Linares, S.A.	143	50
Empresa Municipal de Aguas de Benalmádena, S.A.	188	180
Concesionaria de Desalación de Ibiza, S.A.	170	167
Aguas de Alcázar, S.A.	-	228
A.I.E. Sorea - Aqualia	39	95
Codeur, S.A	-	181
Shariket Miyeh Ras Djinet S.p.a.	-	245
Suministros Aguas de Querétaro, S.A. de C.V.	5	58
Orasqualia O&M	-	538
Oman Sustainable Water Services SAOC	414	228
Orasqualia Devel. Waste T.P. S.A.E.	340	-
TOTAL PARTNER COMPANIES	3.672	2.967
TOTAL DIVIDENDS	24.287	23.820

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

TEMPORARY JOINT VENTURES	31.12.22	31.12.21
UTE Abastecimiento Picadas Almoguera	7.225	7.159
UTE Agua Santo Domingo	-	106
UTE Aguas de Alcalá	7.361	7.267
UTE Alcantarillado Alcoy	104	103
UTE Alcantarillado Burgos	245	235
UTE Alcantarillado Madrid Lot D	6.620	9.782
UTE Expansion IDAM melilla	5.063	1.702
Aqualia - FCC Vigo joint venture	52.209	42.318
Aqualia - Riofabar Piloña Joint Venture	353	325
UTE C.H. Talave II	143	86
UTE Cruz Street	-	(20)
Granadilla de Abona Sports Centre UTE	654	376
UTE Copero Environmental Complex	1.961	-
UTE Consorcio Louro	46	1.409
UTE Costa Tropical III	401	372
UTE Depuración Poniente Almería	1.708	1.664
UTE Depuradoras Lot 1	4.791	2.861
UTE EDAM Santa Eulalia	-	1.758
UTE EDAR A Guarda 2013	14	37
UTE EDAR A Guarda 2022	127	-
UTE EDAR Ranilla	1.006	1.366
UTE EDAR Reinosa	-	171
UTE Estaciones Perales	594	259
FCC - Aqualia Oviedo Joint Venture	15.883	15.428
UTE Fuentes de Cádiz	-	95
UTE Garrucha	699	-
UTE Gestión Cangas	2.110	1.745
UTE Groupement Solidaire Jerba	162	-
UTE Hidr-Inv. Do Centr. Ace	109	48
UTE Idam Santa Eulalia	430	255
UTE IDAM Santa Eulalia II	-	104
Mancomunidad de Órbigo Joint Venture	184	171
UTE Improvements San Isidro Park	20	1
Argamasilla de Calatrava WWTP Works Joint Venture	229	1.107
El Endrinal WWTP Works Joint Venture	873	-
UTE OYM Cap Djinet	4.984	4.580
UTE OYM Mostaganem	6.523	6.309
UTE Puebla Reina	-	55
UTE Qatar	6.394	195
UTE Redondela	1.990	1.982
UTE Pipe Renovation Lot 7	1.773	-
UTE Reparaciones Lot 9	-	3.355
UTE Saneamiento EMASA	472	437
UTE Sevilla Territorial Areas	578	426
UTE Sollano Zalla	528	431
UTE Sollanoko Ura	-	239
UTE TSE Riyadh	(11)	22
UTE USSA A 17	-	720
UTE Zaragoza Sewerage	1.593	1.439
TOTAL	136.148	118.480

19.2 Income and expenses with related parties in the years 2022 and 2021:

OPERATIONS WITH GROUP COMPANIES IN 2022					
<i>(Amounts in thousands of euros)</i>					
	EXPLORATION		FINANCIAL		
	EXPENDITURE	REVENUE	EXPENDITURE	REVENUE	
Abrantaqua, S.A.	-	206	-	97	
Acque di Caltanissetta, S.P.A.	70	10.544	-	-	
Aguas de Las Galeras, S.L.	21	2.181	-	1.216	
Aigües de Vallirana, S.A.U.	-	194	4	-	
AISA Montenegro	-	2	-	-	
AISA Pristina LLC	-	11	-	-	
Alfonso Benítez, S.A.	-	-	-	-	
Aqua Campiña, S.A.	-	404	-	19	
Aquaelvas - Aguas de Elvas, S.A.	-	300	-	-	
Aquafundalia - Aguas do Fundao, S.A.	-	394	-	-	
Aquajerez, S.L.	44	6.601	-	564	
Aqualia Desalación Guaymas, S.A. de C.V.	-	10	-	-	
Aqualia Flandes S.A.S.S.E.S.P.	-	-	-	13	
Aqualia France	-	278	11	-	
Aqualia Georgia LLC	-	510	-	-	
Aqualia Infrastructures Inzenyring, s.r.o.	-	8	-	-	
Aqualia Intech, S.A.	13.411	791	-	59	
Aqualia Latinoamérica, S.A.	-	3	-	459	
Aqualia Mace LLC	-	472	-	-	
Aqualia MACE Qatar	-	76	-	-	
Aqualia México, S.A. de C.V.	-	567	-	204	
Aqualia Villa del Rosario, S.A.	-	-	-	13	
Aquamaior - Aguas de Campo Maior, S.A.	-	201	-	17	
Aridos de Melo, S.L.	191	-	-	-	
Cartagua, Aguas do Cartaxo, S.A.	-	533	-	162	
Conservación y Sistemas, S.A.	-	116	46	-	
Depurplan 11, S.A.	-	948	13	5	
Ecoactiva de Medioambiente, S.A.	12	0	-	-	
Ecosistema de Morelos, S.A. de C.V.	-	0	-	656	
Empresa Gestora de Aguas Linenses, S.L.	130	351	-	-	
Entemanser, S.A.	681	504	-	-	
FCC Ámbito, S.A.	104	-	-	-	
FCC Construcción, S.A.	54	119	-	-	
FCC Equal CEE, S.L.	4	-	-	-	
FCC Industrial e Infraestructuras Energéticas, S.A.	1.208	-	-	-	
FCC Medio Ambiente, S.A.	119	118	-	-	
FCC USA Aqualia Corp	-	89	-	26	
Fedemes, S.L.	3.260	72	-	-	
Fomento de Construcciones y Contratas, S.A.	13.289	602	-	29.028	
Gamasur Campo Gibraltar, S.A.	52	-	-	-	
Genesis Lodos, S.L.	-	-	-	-	
Georgia Global Utilities JSC	-	-	-	4.023	
H.A.A. & CO. Integrated Serv	-	5	-	-	
Hidrotec Tecnología del Agua, S.L.	30.114	152	4	-	
Infraestructuras y Distribución General de Agua, S.L.	463	85	-	-	
Handling and Recovery MAREPA, S.A.	1	-	-	-	
Matinsa, S.A.	-	28	-	-	
Prefabricados Delta, S.A.	9	-	-	-	
Qatarat Saquia Desalination	-	106	-	282	
Sdad. Española de Aguas Filtradas, S.A.	5.126	771	6	-	
Severomoravske Vodovody A Kanalizace Ostrava AS	-	497	-	-	
Sistemas y Vehículos de Alta Tecnología, S.A.	-	-	-	-	
South Cluster SPV LLC	-	1.212	-	-	
Tratamiento Industrial de Aguas, S.A.	20.290	245	22	-	
Tratamientos y Recuperaciones Industriales, S.A.	124	-	-	-	
Villena O&M, S.L.	-	-	-	-	
Vodotech, spol. s.r.o	-	27	-	-	
Watersur, S.L.	-	10	-	-	
TOTAL	88.777	30.343	106	36.846	

OPERATIONS WITH GROUP COMPANIES IN 2021

(Amounts in thousands of euros)

	EXPLORATION		FINANCIAL	
	EXPENDITURE	REVENUE	EXPENDITURE	REVENUE
Abrantaqua, S.A.	-	172	-	89
Acque di Caltanissetta, S.P.A.	202	6.248	-	-
Aqualia Intech, S.A.	2.037	1.503	-	147
Aquamaior - Aguas de Campo Maior, S.A.	-	205	-	12
Aqualia México, S.A. de C.V.	(17)	629	173	54
Aqualia Infraestructuras Inzenyring, s.r.o.	-	4	-	-
Aquaelvas - Aguas de Elvas, S.A.	-	469	-	-
Aquafundalia - Aguas do Fundao, S.A.	-	501	-	-
Aguas de Alcázar Empresa Mixta, S.A.	-	433	-	66
Aguas de Las Galeras, S.L.	-	98	-	1.295
AISA Pristina LLC	-	19	-	-
AISA Montenegro	-	4	-	-
Aquajerez, S.L.	145	6.034	-	588
Aqualia Mace LLC	-	464	-	-
Aqualia Desalación Guaymas, S.A. de C.V.	-	55	-	-
Aqualia France	-	382	23	-
Aigües de Vallirana, S.A.U.	-	30	-	3
Aqua Campiña, S.A.	-	320	-	11
Aguas de Guadix, S.A.	-	254	-	-
Cartagua, Aguas do Cartaxo, S.A.	-	384	-	146
Conservación y Sistemas, S.A.	-	235	48	-
Depurplan 11, S.A.	-	969	-	69
Ecoactiva de Medioambiente, S.A.	16	-	-	-
Empresa Gestora de Aguas Linenses, S.L.	140	344	-	145
Entemanser, S.A.	443	513	-	-
Fedemes, S.L.	2.974	35	-	-
Fomento de Construcciones y Contratas, S.A.	12.765	504	-	29.028
FCC USA Aqualia Corp	-	82	-	-
FCC Ámbito, S.A.	61	-	-	-
FCC Construcción, S.A.	(36)	599	-	-
FCC Equal CEE, S.L.	15	-	-	-
FCC Industrial e Infraestructuras Energéticas, S.A.	241	8	-	-
FCC Medio Ambiente, S.A.	63	99	-	-
Gamasur Campo Gibraltar, S.A.	58	-	-	-
Hidrotec Tecnología del Agua, S.L.	30.043	224	1	2
H.A.A. & CO. Integrated Serv	-	53	-	-
Infraestructuras y Distribución General de Agua, S.L.	466	175	-	-
Matinsa, S.A.	-	32	-	-
Handling and Recovery MAREPA, S.A.	6	-	-	-
Prefabricados Delta, S.A.	8	-	-	-
Sdad. Española de Aguas Filtradas, S.A.	3.938	817	-	21
Severomoravske Vodovody A Kanalizace Ostrava AS	-	359	-	-
Tratamiento Industrial de Aguas, S.A.	19.977	302	3	-
Vodotech, spol. s.r.o	-	10	-	-
Aridos de Melo, S.L.	150	-	-	-
Qatarat Saquia Desalination	-	1	-	252
Ecosistema de Morelos, S.A. de C.V.	-	-	-	374
Watersur, S.L.	-	(5)	-	-
Aqualia Latinoamérica, S.A.	-	1	-	-
Aqualia MACE Qatar	-	176	-	-
Villena O&M, S.L.	-	45	-	-
TOTAL	73.695	23.786	248	32.302

TRANSACTIONS WITH AFFILIATED COMPANIES IN 2022

(Amounts in thousands of euros)

	EXPLOITATION		FINANCIAL	
	EXPENDITURE	REVENUE	EXPENDITURE	REVENUE
Aguas de Denia, S.A.	256	-	-	-
Aguas de Archidona, S.L.	1	590	-	26
Aigües del Segarra Garrigues. S.A.	-	96	-	-
Aigües del Vendrell, S.A.	17	466	-	259
Aguas de Guadix, S.A.	-	100	-	-
Aguas de Langreo, S.A.	-	207	-	148
Aguas de Narixa, S.A.	1	251	-	118
Aguas de Priego, S.L.	-	52	-	76
A.I.E. Costa Tropical of Granada	20	2.003	-	1.428
Codeur, S.A.	-	57	-	-
Cía. Servicios Medioambientales Atlántico, S.A.	-	125	-	-
Concesionaria Desalación Aguas de Ibiza, S.A.	-	401	-	-
Empresa Municipal de Aguas de Linares, S.A.	16	4.359	-	-
Emanagua E ^a Mpal. De Aguas de Níjar, S.A.	993	4.360	-	33
Empresa Mixta de Aguas de Ubrique, S.A.	4	1.035	-	-
Empresa Mixta de Aguas y Servicios, S.A.	242	431	-	-
Empresa Mixta de Aguas de Jódar, S.A.	2	686	-	59
Empresa Mpal. De Aguas de Algeciras, S.A.	2.170	11.428	-	56
Empresa Mpal. Aguas de Benalmádena, S.A.	-	729	-	22
Empresa Mpal. Aguas de Toxiria, S.A.	(9)	1.002	-	4
Gestión y Valorización Integral del Centro, S.L.	3	-	-	-
Girona, S.A.	-	24	-	-
Hormigones Delfin, S.A.	1	-	-	-
Hormigones Reinares, S.A.	2	-	-	-
New Company of Aguas de Ibiza, S.A.	85	2	-	-
Orasqualia Devel. Waste T.P. S.A.E.	-	96	-	-
Orasqualia O&M	-	69	-	-
Oman Sustainable Water Services SAOC	-	568	-	-
Proveiments d'Aigua, S.A.	40	-	-	-
Shariket Miyeh Ras Djinet	-	4.984	-	-
Shariket Tahlya Miyah Mostaganem	-	6.523	-	-
Constructora de Infr. de Aguas de Querétaro, S.A. de C.V.	-	-	-	-
TOTAL	3.844	40.644	0	2.229

TRANSACTIONS WITH AFFILIATED COMPANIES IN 2021				
<i>(Amounts in thousands of euros)</i>				
	EXPLOITATION		FINANCIAL	
	EXPENDITURE	REVENUE	EXPENDITURE	REVENUE
Supply to Alta Costa Brava Mixed emp.	-	2	-	-
Aguas de Denia, S.A.	256	-	-	-
Aguas de Archidona, S.L.	-	534	-	28
Aigües del Segarra Garrigues. S.A.	-	127	-	-
Aigües del Vendrell, S.A.	22	451	-	265
Aguas de Langreo, S.A.	8	220	-	164
Aguas de Narixa, S.A.	-	155	-	257
Aguas de Priego, S.L.	-	101	-	157
A.I.E. Costa Tropical de Granada	4	1.658	-	1.309
A.I.E. I.T.A.M. Tordera Delta	-	-	-	-
A.I.E. Sorea - Aqualia	-	17	-	-
A.I.E. Costa Brava	-	-	-	-
Codeur, S.A.	-	22	-	-
Cía. Servicios Medioambientales Atlántico, S.A.	-	122	-	-
Concesionaria Desalación Aguas de Ibiza, S.A.	-	456	-	-
Empresa Municipal de Aguas de Linares, S.A.	13	4.112	-	-
Emanagua Eª Mpal. De Aguas de Níjar, S.A.	1.022	4.034	-	18
Empresa Mixta de Aguas de Ubrique, S.A.	-	1.110	-	-
Empresa Mixta de Aguas y Servicios, S.A.	243	392	-	-
Empresa Mixta de Aguas de Jódar, S.A.	8	583	-	63
Empresa Mpal. De Aguas de Algeciras, S.A.	2.732	10.540	-	47
Empresa Mpal. Aguas de Benalmádena, S.A.	-	716	-	22
Empresa Mpal. Aguas de Toxiria, S.A.	(13)	1.058	-	-
Girona, S.A.	-	24	-	-
Hormigones Reinares, S.A.	2	-	-	-
New Company of Aguas de Ibiza, S.A.	58	2	-	-
Orasqualia Devel. Waste T.P. S.A.E.	-	96	-	-
Orasqualia O&M	-	69	-	-
Oman Sustainable Water Services SAOC	-	272	-	-
Proveiments d'Aigua, S.A.	35	-	-	-
Shariket Miyeh Ras Djinet	-	4.580	-	-
Shariket Tahlya Miyah Mostaganem	-	6.309	-	-
Constructora de Infr. de Aguas de Querétaro, S.A. de C.V.	-	-	-	-
TOTAL	4.390	37.762	0	2.330

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

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

19.3 Procurements . Details at 31 December 2022 and 2021 are as follows:

PROCUREMENT		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Consumption of goods	96.909	90.377
Consumption of raw materials and other consumables	128.684	99.624
Work carried out by other companies	107.735	87.280
TOTAL	333.328	277.281

19.4 External services. Details as at 31 December 2022 and 2021 are as follows:

EXTERNAL SERVICES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Leases and royalties	58.358	66.591
Repairs and maintenance	6.038	6.193
Independent professional services	18.026	17.358
Transport	365	273
Insurance premiums	6.240	6.055
Banking and similar services	2.816	3.343
Advertising, publicity and public relations	1.695	1.224
Supplies	4.990	3.615
Other services	33.371	31.388
TOTAL	131.899	136.040

19.5 The average number of persons employed during the financial years 2022 and 2021 are shown below:

CATEGORIES	No. of employees		Men		Women	
	2022	2021	2022	2021	2022	2021
Executives and managers	95	104	89	99	6	5
Controls	857	820	684	653	173	167
Technicians	680	657	371	370	309	287
Administrative	787	779	181	189	606	590
Various trades	3.381	3.367	3.254	3.213	127	154
TOTAL	5.800	5.727	4.579	4.524	1.221	1.203

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

CATEGORIES	No. of employees		Men		Women	
	2022	2021	2022	2021	2022	2021
Executives and managers	99	94	92	89	7	5
Controls	881	836	697	666	184	170
Technicians	690	677	378	378	312	299
Administrative	796	794	182	187	614	607
Various trades	3.433	3.354	3.303	3.223	130	131
TOTAL	5.899	5.755	4.652	4.543	1.247	1.212

The Company has 85 employees with a disability of 33% or more as at 31 December 2022 (92 as at 31 December 2021).

19.6. Wages, salaries and similar. The detail at 31 December 2022 and 2021 is as follows:

WAGES AND SALARIES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Wages, salaries and similar.	168.298	157.914
Indemnities	1.089	1.181
TOTAL	169.387	159.095

19.7. Social charges. Details as at 31 December 2022 and 2021 are as follows:

SOCIAL CHARGES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Social security to be paid by the company	54.253	52.086
Other social expenditure	3.258	2.720
TOTAL	57.511	54.806

19.8. Financial expenses. These are detailed as follows at 31 December 2022 and 2021:

FINANCIAL EXPENSES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Interest on debts with group and associated companies (Note 19.2)	106	248
Interest on debts owed to third parties (Note 15.1)	33.633	30.380
Restatement of provisions (Note 14)	2.187	1.953
TOTAL	35.926	32.581

19.9. Exchange differences. Details as at 31 December 2022 and 2021 are as follows:

EXCHANGE RATE DIFFERENCES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Positive exchange rate differences	13.784	7.491
Negative exchange rate differences	(23.107)	-6.174
TOTAL	(9.323)	1.317

19.10. Impairment and gain or loss on disposal of financial instruments. The detail at 31 December 2022 and 2021 is as follows:

IMPAIRMENTS AND LOSSES		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Impairment of non-current investments in Group companies and associates (Note 7.1)	44.899	(8.186)
Other	(10)	(1.519)
TOTAL	44.889	(9.705)

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

The heading "Losses, impairment and changes in trade provisions" in the accompanying income statements for 2022 and 2021 basically includes the following items:

LOSSES, IMPAIRMENT AND CHANGES IN PROVISIONS FOR TRADING OPERATIONS		
<i>(Amounts in thousands of euros)</i>		
	31.12.22	31.12.21
Provision for Loan Loss Provision (see note 10.4)	3.372	3.592
Reversal Provision for bad debts (see note 10.4)	(891)	(3.278)
Losses on bad debts (see note 10.4)	2.086	3.035
Other short term provisions	(1.054)	1.242
TOTAL	3.513	4.591

19.12. Other current administrative expenditure.

The heading "Other current management expenses" in the accompanying income statement for 2022 basically includes at 31 December 2022, 784 thousand euros originating from long-term provisions (see note 14) (1,663 thousand euros for the same item at 31 December 2021).

NOTE 20. AUDITORS' REMUNERATION

The Company's auditor at the end of the 2022 financial year is Ernst & Young, S.L.

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

Amounts in thousands of euros

	2022			2021		
	Lead Auditor	Other auditors	Total	Lead Auditor	Other auditors	Total
Audit Services	81	15	96	77	-	77
Other Verification Services	15	124	139	100	510	610
Total Audit and Related Services	96	139	235	177	510	687
Tax Advisory Services	-	63	63	-	16	16
Other services	-	54	54	-	12	12
Total professional services	-	117	117	-	28	28
TOTAL	96	256	352	177	538	711

NOTE 21. ENVIRONMENTAL INFORMATION

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

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

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

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

1. **Integration of the new ISO 45001 Standard** in Aqualia's Management System, establishing already integrated Management System Committees and carrying out integrated audits, both internal and external (AENOR).
2. **Increased efficiency in the process of internal audits**, through the publication of integrated reports, and external audits, with four-qualified auditors, which allow audits of the Quality, Environmental and Energy Management Systems, calculation of the carbon footprint and Health and Safety in the Workplace.
3. **Adaptation to the new ISO 14064-1:2018 standard**, which completes more specifically the calculation of indirect greenhouse gas emissions, previously called Scope 3.
4. Increasing the scope of the **Energy Management and Climate Change** strategy.
 - Follow-up of contracts with energy review.
 - Calculation of the carbon footprint at fixed perimeter.
 - Calculation and verification of the carbon footprint of all Aqualia's activity in Spain and Portugal 2021.
 - Registration in the Carbon Footprint Register of the Spanish Office for Climate Change (OECC) of the Ministry of Ecological Transition and Demographic Challenge (MITERD) for all Aqualia's activity in Spain, requesting the "CALCULO+REDUZCO" Certificate for 2021.
 - Carbon Footprint Reduction Plan for Aqualia's activity 2020 - 2022.

- Verification of emissions avoided in the MITERD OECC CLIMA Project, approved in 2018, for the use of alternative fuels, specific to the company's activity, in automobiles.
 - Monitoring of the project to implement the Energy Management System in all activities in Spain, in compliance with RD 56/2016.
5. Participation in **AENOR** meetings and conferences and in **ACS** working groups.
 6. Participation in the **Circular Economy Commission** of the **Spanish Chamber of Commerce**, where legislative initiatives are analysed and meetings are held with political leaders.

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

6.2. Energy Management

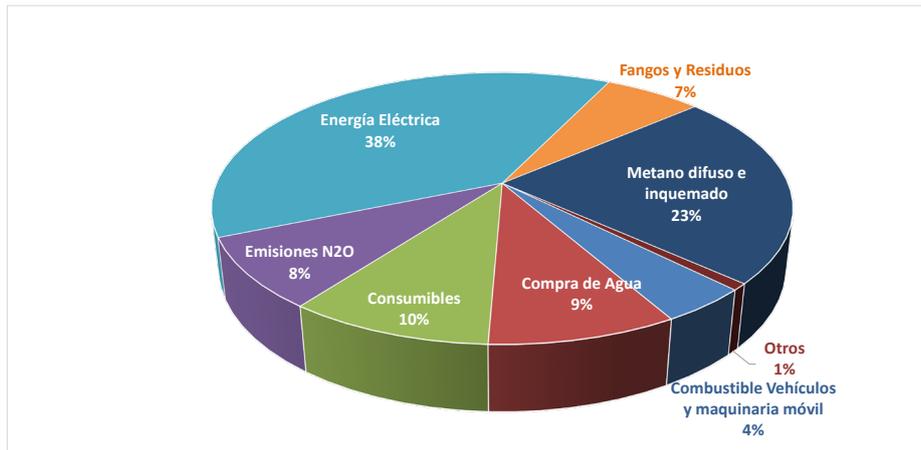
The energy management of production facilities has been a strategic line of action for the company since its inception, with the optimisation of energy consumption being an objective of continuous improvement.

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

EMISSIONS CO₂ BY PROCESS. AQUALIA SPAIN 2022

	t CO2	t CH4	t N2O	GHG (t CO2e)	%
SUPPLY	119.687	0	0	119.741	42,1%
SEWERAGE	11.493	0	0	11.528	4,1%
DEPURATION	60.433	2.340	90	149.887	52,7%
VARIOUS	2.994	0	0	2.994	1,1%
TOTAL	194.607	2.340	91	284.150	

EMISSIONS CO₂ BY AGENT. AQUALIA SPAIN 2022



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

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

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

Improvement of the emission factor of the electrical energy used.

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

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

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

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

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

NOTE 22. TRANSACTIONS WITH THE COMPANY'S DIRECTORS AND MANAGEMENT TEAM

Board of Directors.

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

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

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

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

Management Team:

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

NOTE 23.FINANCIAL RISK MANAGEMENT POLICY

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

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

Exchange rate risk

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

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

Credit risk.

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

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

Solvency risk

At 31 December 2022, FCC Aqualia's net financial debt amounted to 501,144 thousand euros (127,277 thousand

euros in 2021), as shown in the following table:

	Amounts in thousands of euros	
	2022	2021
Bonds and other marketable securities (Note 15.1)	657.975	1.362.850
Amounts owed to credit institutions (Note 15.2)	1.096.840	200.450
Current payables to group companies (excluding tax effect) (note 15.3)	76.466	50.355
Financial debts with third parties (note 15)	11.038	8.246
Loans to companies (excluding loans to Group companies due to tax effect) (note 8)	(1.166.230)	(968.210)
Other current financial assets (note 8.3)	(12.915)	(24.332)
Short-term loans to third parties (note 9.2)	(12.691)	(10.015)
Treasury and cash equivalents	(149.339)	(492.067)
Net financial indebtedness	501.144	127.277

Liquidity risk

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

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

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

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

NOTE 24. OTHER INFORMATION

24.1. Post-closing events

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

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

The Official State Gazette in Spain has published Law 18/2022 of 28 September on the creation and growth of companies, which aims, among other things, to reduce commercial late payments. The new law changes Law 15/2010 of 5 July 2010 amending Law 3/2004, which established measures to combat late payment by regulating payment periods in commercial relations between Spanish companies or between companies and the Spanish

Administration. Specifically, it amends the Third Additional Provision which established that companies must expressly publish information on supplier payment periods in the notes to their annual accounts. Following the publication of Law 18/2022, unlisted companies that do not present abridged accounts, as is the case of the Company, must publish the average supplier payment period, the monetary volume and number of invoices paid in a period lower than the maximum established in the regulations on late payment and the percentage they represent of the total number of invoices and of the total monetary amount of their payments to suppliers, both on their website and in their annual accounts.

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

	Average supplier payment period	
	2022	2021
	Days	Days
Average supplier payment period	60	60
Ratio of paid transactions	59	60
Ratio of transactions outstanding	64	63
	Amount	Amount
Total payments made	508.383	429.382
Total outstanding payments	75.201	57.566
Total payments made in a period shorter than the maximum period established in the late payment regulations	294.803	245.719
% of total payments made	58%	57%
Total number of invoices paid in the period	238.471	212.105
Number of invoices paid in a period shorter than the maximum period established in the late payment regulations.	124.052	104.021
% of total number of invoices paid in the financial year	52 %	49%

25. 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.

MANAGEMENT REPORT 2022

ON FINANCIAL STATEMENTS CONSOLIDATED

AS OF 31/12/2022

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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 existing legal frameworks in each geography.

The rapid urbanisation process in emerging countries, as well as the need to improve the living conditions of the population and to optimise a scarce resource, in a process of climate change such as the one the world is going through, lead governments, communities and industrial corporations to look for specialised operators to help them provide effective solutions to the problems of water supply, sanitation and purification.

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

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

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

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

Aqualia also develops alternative and/or complementary business models, such as infrastructure concessions.

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

These formulas, which combine technical know-how with the ability to structure complex financing, are increasingly in demand by operators or public agencies and industrial corporations in emerging countries.

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

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

Other business models, such as *O&M (Operation & Maintenance)* or *EPC (Engineering, Procurement and Construction)* contracts, are considered on a project-specific and strategic basis.

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

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

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

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

In LATAM, through the consolidation of long-term contracts for municipal concessions, infrastructure concessions or emblematic design and construction projects.

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

2. MARKET SITUATION

2.1. Domestic market

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

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

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

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

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

With regard to the sale of bulk water, in 2022 the volumes supplied recovered by 7.6% compared to 2021, exceeding those of 2019 by 7.9%. In any case, this type of supply has little weight in Aqualia's overall business. The aforementioned high-voltage supplies have benefited in their growth from the prolonged **drought** in Spain. In the municipalities operated by Aqualia, there have been no supply

restrictions, except in some very specific cases in small local supply systems. During the year, a drought or alert situation was declared in the basins of the Guadiana, Guadalquivir, internal basins of Galicia, Catalonia and areas of Levante and Murcia. In the same way, the Tagus-Segura Aqueduct has reduced the volumes transferred, maintaining those destined for supplying populations. Since November, the rains have made it possible to relax the measures adopted in some areas, but reservoir levels remain low in Andalusia and Murcia. Spanish reservoirs currently store 47.6% of their capacity, 7.8% less than the average for the last 10 years at the same date.

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

In the commercial sphere, 2022 has been a great boost for activity in the industrial water sector. The WWTP for AITASA in the Tarragona Chemical Park was completed and its operation started. Aqualia was also awarded contracts for ENCE (Pontevedra), JEALSA (La Coruña) and Puratos (Gerona), and has 40 projects in the commercial development phase. It has also given a strong boost to the field of reuse, where it has been awarded a plant at the El Ejido WWTP (Almeria) and desalination, where the company is in the start-up phase of the IDAM Mar de Alborán (Almeria) and has been awarded projects in La Gomera and Tenerife. The refurbishment of the Galindo (Bilbao) and Puerto de Santa María (Cádiz) WWTPs is underway.

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

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

In the **institutional and legislative field**, the meetings of the Urban Water Cycle Round Table have been held throughout 2021, with the presence of the Ministry, business associations, trade unions and users, as an embryo of the future Urban Water Observatory of Spain, foreseen in the PERTE. The Government has approved, in the first days of 2023, the Transposition of the new Water Quality Directive intended for human consumption. It also plans to amend the Consolidated Text of the Water

Law and the Regulations on the Public Hydraulic Domain. Finally, revisions to the Water Laws of Extremadura, Aragon, Castilla la Mancha and Galicia are under review or already approved, with a strong commitment to the regulation of the urban water cycle. In 2023, municipal elections will be held in Spain, which normally delays the pace of tenders and increases the media discussion about public and private management of essential public services.

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

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

In the area of **digitalisation**, the technology centres in Denia (Alicante), Oviedo and Toledo have been put into operation, where the **Aqualia Live** comprehensive digital management tool for water services is being developed, which enables integrated management of water networks, incidents, issuing of work orders, asset management and meters. It is in the implementation phase in six other regional centres.

Aqualia has promoted actions in Spain as a socially committed company, with the renewal of agreements with UNHCR and Caritas, and with the environment, with numerous initiatives aimed at reducing greenhouse gas emissions, opting for green energy. As part of its policy of social, economic and environmental responsibility, the 2021-2023 Sustainability Plan is currently being developed. Likewise, Aqualia, as a founding partner of the **StepbyWater Alliance**, maintains the momentum for the development of its founding objectives, under the chairmanship of Aqualia's CEO, Felix Parra.

2.2. International market

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

2.2.1. Europe

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

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

In **France**, Aqualia continued to consolidate its position as the fourth largest water operator in the country, adding new contracts to its portfolio of projects under management, including its first successes outside the Paris region of Île de France. In particular, the company was awarded the contract for the management of drinking water for the next 10 years in the Forêt du Theil area in the Ille-et-Vilaine department, as well as the contract for the management of drinking water for 9 years in Kergoff, both in Brittany. In addition, the subsidiary SEFO was awarded the water management contract for the municipalities of Rambouillet, Bonnelles and Bullion, and the sanitation management contract for the municipalities of Bois d'Arcy, Bièvres, Jouy-en-Josas and La Celle Saint Cloud, in the Versailles area. The company was also awarded the contract for the maintenance of public facilities in Enghien-les-Bains, also in Ile de France. At the beginning of 2023, Aqualia will provide service in 91 municipalities in France, having increased the population served in France to 424,000 inhabitants, an increase of 200% since entering the country in 2019.

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

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

In **Portugal**, the problems arising from prolonged droughts have aroused the interest of the public authorities in assessing the feasibility of constructing, for the first time in mainland Portugal, desalination plants. In addition, public investments have been committed to drought control in the Algarve, Madeira and Alentejo and other public programmes are expected to incorporate investments for wastewater reuse projects. Aqualia, together with other private operators, is trying to maintain active communication so that part of these investments can be channelled within the robust Portuguese concession framework with equal opportunities for public and private operators. Another line of action of the Portuguese government focuses on public support for decarbonisation and

renewables, including green hydrogen. In this regard, a consortium led by Aqualia and FCC Construcción was proposed as the winning bidder for the installation of a green hydrogen production plant, including water supply and treatment facilities, in Setúbal, a pioneering project in this field in the country.

In **Georgia**, February 2022 saw the completion of the acquisition of *Georgian Global Utilities (GGU)*, 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.

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

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

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

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

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

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

In the Glina wastewater treatment plant expansion project in **Romania**, shared with FCC Construcción, the resources available on site were reorganised and increased and it was possible to accelerate the

pace of execution of the civil works in order to be able to complete the installations and start up the plant expansion in 2023.

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

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

2.2.2. MENA

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

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

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

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

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

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

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

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

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

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

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

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

Each of the two Cluster contracts comprises a team of 37 professionals who will manage and transform the client's existing water management organisation in the provinces of each Cluster. They will also carry out an ambitious programme of modernisation and optimisation of the full water cycle services, aimed at preparing them for the privatisation phase.

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

In the **United Arab Emirates**, the subsidiary Aqualia MACE continued to provide the operation and maintenance service of the networks of collectors, pumping stations and wastewater treatment plants in the geographical area of Al Ain and Abu Dhabi capital without incident and at full capacity.

Continuing with the expansion of the operating business, a contract was signed with Al Ain Distribution

Company (AADC) for the operation and maintenance of water distribution infrastructures for irrigation in agricultural production facilities and for irrigation of recreational areas. This contract has a duration of 3 years.

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

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

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

2.2.3. USA. USA.

During 2022 Aqualia has maintained its commercial activity in the United States with the active search for new projects and business opportunities.

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

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

2.2.4. LATAM

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

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

The experience acquired in the BOT contracts is being used to propose projects of similar characteristics to institutional clients, where the technical and financial capacities employed give Aqualia a relevant position in the country.

The Guaymas desalination plant, awarded in 2018 by the Sonora CEA under the BOT scheme, and whose execution was slightly delayed by the pandemic, came into operation in mid-2022.

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

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

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

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

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

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

3. RECRUITMENT

3.1. Domestic market

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

water infrastructure works.

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

- Garrucha (Almería); concession of the drinking water supply, sewerage management and waste water treatment service for a period of 25 years and a value of 55.35 million euros.
- Galindo (Vizcaya); construction, renovation and improvement of the primary treatment of the Galindo wastewater treatment plant for 26.70 million euro.
- Asturias; operation, maintenance and conservation service for the sewerage and treatment systems of the Nora, Noreña and Villabona river basins and the Villapérez waste water treatment plant for a period of 4 years and an amount of EUR 14.15 million.
- Boiro (A Coruña); construction and operation of the industrial water treatment plant of JEALSA (Conservas Rianxeira) for a period of 12.5 years and an amount of 12.58 million euros.
- L'Ampolla (Tarragona); concession of the drinking water supply service and maintenance of the municipality's sewerage network for a period of 20 years and a contract value of 11.60 million euros.
- San Sebastián de la Gomera (La Gomera, Sta. Cruz de Tenerife); installation of a seawater desalination plant for 5.99 million euros.
- Playa de Santiago (La Gomera, Sta. Cruz de Tenerife); installation of a seawater desalination plant for 5.50 million euros.
- Villasequilla (Toledo); supply and sewerage service concession for a period of 15.6 years and a contract value of 5.49 million euros.
- El Ejido (Almería); emergency work to upgrade and improve the tertiary treatment of the waste water treatment plant for 4.39 million euro.
- Puerto de Santa María (Cádiz); upgrading and improvements to the Las Galeras waste water treatment plant for EUR 4.08 million.
- Carrascal de Barregas (Salamanca); concession of the public service of drinking water supply and sewerage for a period of 15 years and a contract value of 3.84 million euros.
- Vizcaya; operation and maintenance service of the primary sewerage network managed by the Bilbao-Bizkaia Water Consortium for a period of 3 years and an amount of 3.55 million euros.

- Castilla La Mancha; construction of waste water treatment plants in Tobarra (Albacete), Sigüenza (Guadalajara) and Villanueva de Alcardete (Toledo) to be executed in 2.5 years and costing EUR 2.95 million.
- La Guancha (Tenerife, Santa Cruz de Tenerife); infrastructure project for the management and guarantee of the water supply and desalinated water flows of the Santa Cruz de Tenerife desalination plant, for a period of 1.6 years and an amount of 2.54 million euros.

With regard to the renewals, extensions and extensions of contracts already managed by Aqualia at national level, it is worth highlighting the renewal of 261 contracts with a portfolio amounting to 524.38 million euros, equivalent to 98% of those that expired during the year, among which it is worth noting:

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

3.2. International market

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

- Tbilisi (Georgia); partial acquisition of Georgia Global Utilities (GGU), concessionaire and owner of the integrated water utility assets of Tbilisi, Rustavi and Mtskheta.
- Colombia; acquisition of the concessions of domiciliary public utilities of aqueduct and sewerage in Colombia:
 - Foundation; for a period of 21 years and a contract value of 143.27 million euros.
 - Maicao; for a period of 12 years and a contract value of 83.02 million euros.
 - Manatí, Candelaria, Repelón, Campo de la Cruz, Santa Lucia and Luruaco; for a period of 16 years and for an amount of 58.71 million euros.
 - El Retén; for a period of 25 years and a contract value of 29.27 million euros.
 - Aracataca; for a period of 9 years and a contract value of 15.71 million euros.
 - Albania; for a period of 6 years and a contract value of 4.76 million euros
- Cota, Funza and Tenjo (Bogotá metropolitan area, Colombia); acquisition of 79.8% of Aguas de la Sabana de Bogotá, concessionaire and owner of the water and sewerage service assets of the agro-industrial area of Bogotá, with a contract value of 254.20 million euros.
- Flandes (Tolima, Colombia); operation, expansion, rehabilitation, infrastructure maintenance and commercial management of the public water and sewerage services for a 20-year period and a contract value of 125.84 million euros.
- South Cluster (Saudi Arabia); contract for the management, operation and maintenance of the integrated water cycle in the Saudi regions of Assir, Jazan, Baha and Najran in the south of the kingdom for a period of 7 years and a contract value of 99.41 million euros.
- North Cluster (Saudi Arabia); contract for the management, operation and maintenance of the integrated water cycle in the Saudi regions of Qassim, Al-Jouf and Hail for a period of 7 years and a contract value of 88.03 million euros.
- Floridablanca, Girón and Piedecuesta (Santander, Colombia); acquisition of the assets of Ruitoque S.A E.S.P., which has concessions for water services for urbanisations in the three municipalities, with a contract value of 47.33 million euros.
- Ille-et-Vilaine (France); concession of the public drinking water service for a period of 10 years and a contract value of 26.49 million euros.

- Rambouillet (Yvelines, France); public drinking water service concession for a period of 9.4 years and a contract value of 12.12 million euros.
- El Alamein (Egypt); extension of the operation and maintenance contract for the El Alamein desalination plant for a period of 5 years and a contract value of 5.30 million euros.
- Andrésy (France); concession of the sanitation service of Andrésy, Chanteloup-les-Vignes and Conflans-Sainte-Honorine, sector D, Yvelines, for a period of 6.7 years and a contract value of EUR 3.75 million.
- Enghien-les-Bains (France); facility maintenance services for a period of 4 years and a contract value of EUR 2.16 million.
- Krmelín (Moravian-Silesian Region, Czech Republic); contract for the operation and maintenance of the sewerage network for a period of 5 years and a contract value of EUR 2.15 million.
- Bois d'Arcy, Bièvres, Jouy-en-Josas et La Celle Saint Cloud (Yvelines, Versailles Grand Parc - France); contract for the operation of the sewage and rainwater drainage service for a period of 3.2 years and a contract value of EUR 2.06 million.

4. FORESEEABLE DEVELOPMENTS

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

It is expected to maintain the high contract renewal rates that Aqualia has historically recorded at the expiry of its contracts, above 90%. A normalisation of electricity tariffs is envisaged, including a possible slight reduction in tariffs. In order to reduce them, policies will be developed to increase the number of electricity contracts negotiated in fixed price, PPA and futures contracts. A new 75GWh PPA supply contract will start in the 4th quarter of 2023.

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

During the first half of the year, the subsidies for the 1st phase of the PERTE for the digitalisation of

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

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

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

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

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

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

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

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

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

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

Georgia expects to maintain the trend of the results of the current year and will lay the foundations for the

definition of an **Infrastructure Master Plan** with special emphasis on the volume of investments to be made during the regulatory period 2024-2026.

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

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

5. CUSTOMER MANAGEMENT

For Aqualia, it is essential to extend the company's commitment to society, seeking excellence in customer service. The company aims to differentiate itself in the market by developing services adapted to the needs of its users. During 2022, it has continued to make progress in a strategic orientation towards the end customer, with special attention to the quality of the interaction channels with its users, boosting technological investment, especially in this year globally affected by the pandemic.

5.1. Customer Service Channels

The main management indicators for the year 2022 in the Customer Service Channels (***aqualia contact***) are as follows:

- **Telephone customer service.** The Customer Service Centre received **985,095** calls in 2022.
- The specialised attention of the managers, as well as the proactivity and speed in providing telephone customer service under the *Presence* solution (*Evolutio*), allows customers to be attended continuously and without interruptions through various customer service and fault communication channels, such as: Telephone Customer Service Centre, Virtual Office, *app*, Twitter and email.
- The Customer Service Centre by telephone offers customers the "Appointment Management" service, to avoid waiting and crowds in the face-to-face offices, improving not only the telephone service but also offering a faster, more efficient and pleasant face-to-face service with full health guarantees.

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

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

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

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

1. **Integration of all channels.** Channels working in unison, interrelated in real time. The new **Microsoft Dynamics CRM** implementation project will go into production at the beginning of 2023 and will allow all channels to be interrelated in real time with greater accessibility, availability and integrity of interaction information. The aim of the project is to have a new customer service module that must be integrated with other systems, such as the Diversa commercial system, which provides sufficient flexibility, guarantees availability and access to information in an agile and flexible way through guided processes.
2. **More pleasant and higher quality customer experience**
 - Any operation from any channel
 - Single processes for all channels
3. **More responsive and capable care**
 - Cross-platform clients
 - Leveraging resources, developing communication skills by channel.

4. Search for resources and technologies allowing for greater attention with more agile and efficient management for clients, such as:

- Professional *Whatsapp*
- *Click to call* from the web
- *Bizum*[®] payments
- Electronic invoice management via *email*
- Web-based customer management platform for communications via SMS, *email*, invoice payment link, etc.
Electronic signature of documents

5.2. Invoicing and collection management

The Customer Management department has maintained the same strategic vision in the evolution of the management tools themselves, as well as in the progress of new utilities in the *Business Intelligence* tool. During 2022, many improvements were made to this tool, including information on production pending billing, including adjusted and total cubic metres; on the profitability of meters replaced, incorporating the type of customer and the installation dates of the meters that have been replaced; in fraud, the type of fraud and the final status of the case have been incorporated. A scorecard is being developed for the meter fleet based on ranges by age and reading indexes, with information on the number of meters and billing data, in terms of cubic metres, variable amounts and average tariffs, which will help in the process of optimising the replacement of meters. With regard to the billing and debt management tool for non-tariff items, the functional designs have been defined for the incorporation of the multi-currency and multi-language requirements, and the final functional design of the billing requirements in France has also been defined, which will enable the implementation of all international services with both developments.

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

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

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

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

5.2.1 Average collection and default period

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

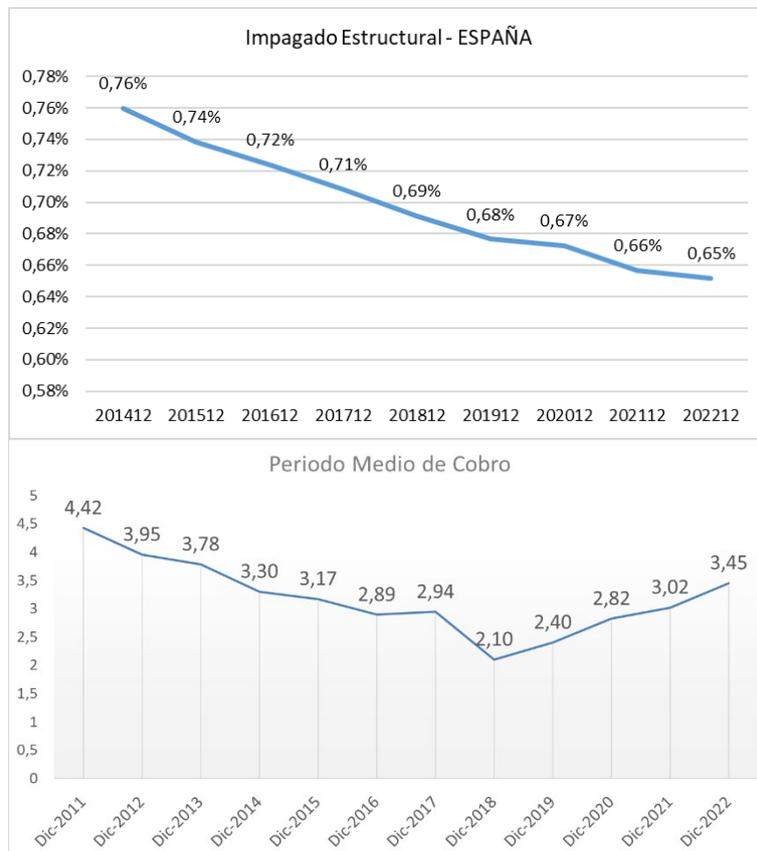
With regard to non-tariff items, there has been an increase in the average collection period, mainly due to the development and completion of the Aguas Industriales de Tarragona (AITASA) project, billed in advance from 2020, and the start of the treatment service from June 2022;

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



At Aqualia's global level, there has also been a slight upturn in the average collection period due to the increase in activity in the International area over the last few years, with the incorporation in 2020 of the Departamento Córdoba and Villa del Rosario concessions acquired in Colombia, the acquisition of the French companies of the SPIE Group in 2019, the acquisition in January 2020 of the companies Qatarat and Haaisco (Saudi Arabia), the progress of the work on the Salitre WWTP (Colombia), and in 2022 the incorporation of the companies in Georgia, the progress of the work on the Salitre WWTP

(Colombia), the acquisition in January 2020 of the Qatarat and Haaisco companies (Saudi Arabia), the progress of work on the Salitre WWTP (Colombia), and in 2022 the incorporation of the Georgian companies, the new companies and concessions in Colombia (Magdalena, Flandes and Sabana) and the new concessions obtained in France (Mantes and Rambouillet).



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

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

5.2.2. Meter Reading Mobility Project

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

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

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

5.2.3. CRM Microsoft Dynamics

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

- The solution includes a new customer website that will replace the current back office and will be deployed for *call centre* users and the new back office, covering all operations, with the corresponding CRM adaptations currently underway.
- Tests of the technical equipment and the business team have been carried out in 2022 with satisfactory results, planning to start production in the first quarter of 2023.

5.2.4. Electronic signature of documents project

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

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

The project will allow:

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

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

Data protection

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

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

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

- **Initial situation May 2018**

**RIESGOS:
PROBABILIDAD**

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

IMPACTO

- **Situation December 2022**

RIESGOS:

PROBABILIDAD

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

IMPACTO

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

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

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

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

- Compliance monitoring management through questionnaire and meeting via *Microsoft Teams* in international area.

5.4. Social action

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

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

For Aqualia, it is essential to extend the company's commitment to society, seeking excellence in customer service. The company aims to differentiate itself in the market by developing services adapted to the needs of its users. During 2022, it has continued to make progress in a strategic orientation towards the end customer, with special attention to the quality of the interaction channels with its users, boosting technological investment, especially in this year globally affected by the pandemic.

6. EFFICIENT AND SUSTAINABLE MANAGEMENT

6.1. Management systems

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

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

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

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

7. **Integration of the new ISO 45001 Standard** in Aqualia's Management System, establishing already integrated Management System Committees and carrying out integrated audits, both internal and external (AENOR).
8. **Increased efficiency in the process of internal audits**, through the publication of integrated reports, and external audits, with four-qualified auditors, which allow audits of the Quality, Environmental and Energy Management Systems, calculation of the carbon footprint and Health and Safety in the Workplace.
9. **Adaptation to the new ISO 14064-1:2018 standard**, which completes more specifically the calculation of indirect greenhouse gas emissions, previously called Scope 3.
10. Increasing the scope of the **Energy Management and Climate Change** strategy.
 - Follow-up of contracts with energy review.

- Calculation of the carbon footprint at fixed perimeter.
- Calculation and verification of the carbon footprint of all Aqualia's activity in Spain and Portugal 2021.
- Registration in the Carbon Footprint Register of the Spanish Office for Climate Change (OECC) of the Ministry of Ecological Transition and Demographic Challenge (MITERD) for all Aqualia's activity in Spain, requesting the "CALCULO+REDUZCO" Certificate for 2021.
- Carbon Footprint Reduction Plan for Aqualia's activity 2020 - 2022.
- Verification of emissions avoided in the MITERD OECC CLIMA Project, approved in 2018, for the use of alternative fuels, specific to the company's activity, in automobiles.
- Monitoring of the project to implement the Energy Management System in all activities in Spain, in compliance with RD 56/2016.

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

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

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

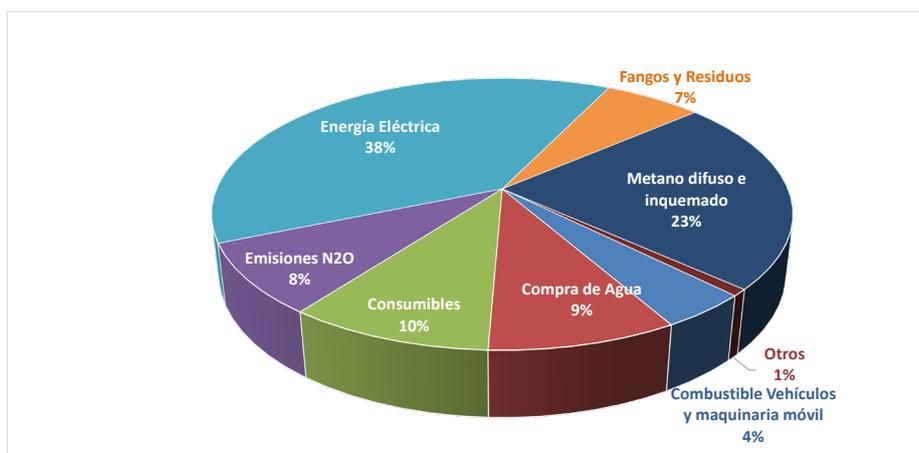
6.2. Energy management

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

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

	t CO2	t CH4	t N2O	GHG (t CO2e)	%
SUPPLY	119.687	0	0	119.741	42,1%
SEWERAGE	11.493	0	0	11.528	4,1%
DEPURATION	60.433	2.340	90	149.887	52,7%
VARIOUS	2.994	0	0	2.994	1,1%
TOTAL	194.607	2.340	91	284.150	

EMISSIONS CO₂ BY AGENT. AQUALIA SPAIN 2022



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

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

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

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

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

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

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

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

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

b. Improving the efficiency of managed systems

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

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

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

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

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

6.3. Projects to improve technical management

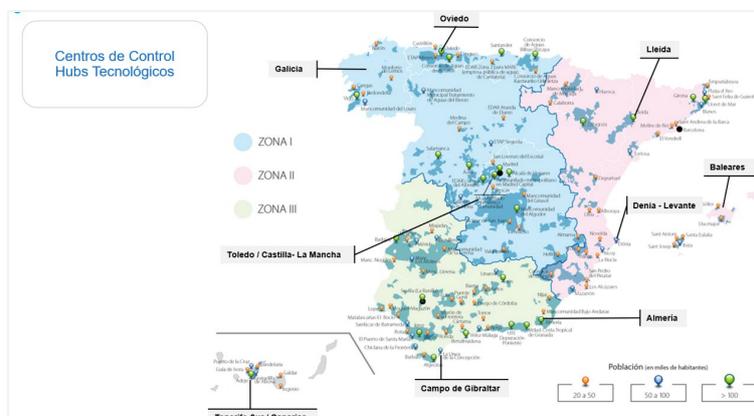
During 2022, as in previous years, we have continued with the implementation and development of activities related to the improvement of management, both at the operational level and the deployment of new platforms to standardise best practices at the technical level of the company. The most important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

6.3.1. Operations and technical management

6.3.1.1. Technology Hubs

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

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



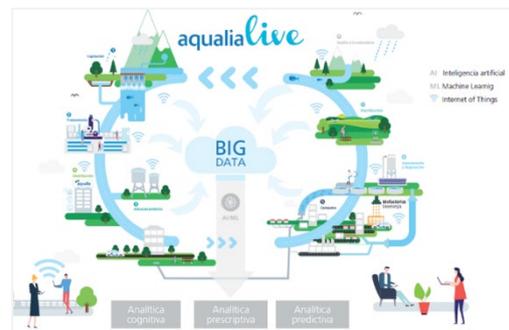
6.3.1.2. PERTE Spain projects

The control and correct management of water use in Spain is a constant challenge, in which the different administrations work in a coordinated manner for its correct management. This project promotes the use of **new information technologies in the integral water cycle**, which will improve its management, increase its

efficiency, reduce losses in the supply networks and make progress in meeting the environmental objectives set by hydrological planning and international regulations.

The specific objectives of **PERTE** are:

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



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

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

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



6.3.1.3. Identification of digitisation needs

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

6.3.1.4. Logistics centres

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

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

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

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

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



ID	ZONA	UBICACIÓN	Problema	TIPO TAREA	Descripción del problema	Prioridad	Estado	ASIGNADO	Fecha	Test/Dis	DURACION TAL	PROGRESO
1	ZONA B	SEVILLA	Proyecto	0100	Redacción Proyecto	Alta	Creado	0100	10/01/2022	00/0000	10	0.00%
2	ZONA B	SEVILLA	Proyecto	0100	Identidad y composición de la trama de obra	Crisis	Finalizado	0100	10/10/2022	11/0000	17	0.00%
3	ZONA B	SEVILLA	Adecuaciones	0100	Solicitud de obras	Baja	Finalizado	0100	10/10/2022	00/0000	16	0.00%
4	ZONA B	SEVILLA	Adecuaciones	0100	Adecuación de las obras y firma del contrato	Baja	Finalizado	0100	10/10/2022	00/0000	16	0.00%
5	ZONA B	SEVILLA	Adecuaciones	0100	Control de actividad	Baja	Finalizado	0100	01/01/2022	00/0000	1	0.00%
6	ZONA B	SEVILLA	Adecuaciones	0100	Realización obras de adecuación	Baja	Finalizado	0100	11/10/2022	00/0000	17	0.00%
7	ZONA B	SEVILLA	Recursos	0100	Adquisición de recursos eléctricos	Baja	Finalizado	0100	01/01/2022	00/0000	22	0.00%
8	ZONA B	SEVILLA	Recursos	0100	Adquisición de recursos	Baja	Finalizado	0100	04/01/2022	00/0000	28	0.00%
9	ZONA B	SEVILLA	Recursos	0100	Adquisición de material y montaje	Baja	Finalizado	0100	10/05/2022	00/0000	85	0.00%
10	ZONA B	SEVILLA	PDI	0100	Realización de trabajos de PDI para las obras de adecuación	Baja	Finalizado	0100	02/01/2022	00/0000	16	0.00%
11	ZONA B	SEVILLA	Información	0100	Realizar información de servicio en aplicaciones y correo de trabajos de servicio (requisitos, etc.)	Alta	Finalizado	0100	03/05/2022	00/0000	29	0.00%

6.3.1.5. Drones

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

The Works department, together with the Operations and Technological Transformation department, has been evolving with photogrammetry, topography, works monitoring and image processing tests. All of this has been carried out with its own resources and training, which has led Aqualia to have five pilots, four UAS, a submarine and a boat at its disposal today. At present, complex situations can be tackled, from flights in the ZTR zone to overflying urban areas. In this way, progress continues to be made with the equipment and resources available. This action to deploy specialised personnel in the Zones facilitates the operation of this equipment, oriented towards numerous aspects of the daily operation of the services, such as:

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

In addition, this type of system is widely used in the development and monitoring of works.



6.3.2. Water treatment

In the last quarter of the year, a working group was created to carry out a diagnosis of the treatment facilities with the aim of programming a roadmap to optimise the monitoring and operation of the facilities through digital transformation and technological improvement, minimising the risk of non-compliance with maximum energy efficiency and adapting them to the new legal requirements.

6.3.2.1. Technology Transfer Actions

The Technology Transfer Report has been completed on the ABAD Bioenergy © product, a WWTP biogas *upgrading* system for obtaining vehicle-quality biomethane, which includes various economic scenarios for its operation. During 2022, 5 biomethane production plants for vehicle use have operated in Lleida, Guijuelo, Chiclana and Almeria. The portable pilot plant used to design the process has already undergone two contracts (Gavia and Motril) and has now been transferred to Algeciras to test it *in situ* and study the feasibility of its implementation on a larger scale.

A database has been completed in *Sharepoint* with all the available technologies that have emerged from the different Innovation projects, which could have some possibility of commercial implementation. Each technology includes a summary sheet with a description and possible uses of the technology.

6.3.2.2 Technologies in operation on the production line

As part of the innovation activity, a prototype algae bioreactor has been developed and sized to solve the purification problem in the town of Agramon (Hellín).

The ELAN reactor is being operated in Guillarei (Pontevedra), Chiclana (Cádiz) and Salamanca and a new prototype is being built at the Lleida WWTP.

Microaeration continues to be a simple solution that saves reagents for the elimination of hydrogen sulphide in the biogas. It is in operation at the Lagares (Vigo), San Román (Santander) and La Ranilla (Seville) WWTPs.

The co-digestion of agri-food waste from the district of Guijuelo (Salamanca) with WWTP sludge is already a reality and the activity is being carried out on a regular basis, making it possible to start up the cogeneration of the WWTP and guaranteeing water quality with the control strategies implemented.

6.3.2.3. Transfer of the operation of innovative technologies

A workshop was held on facilities managed with thermal hydrolysis technology, with the aim of compiling the operating experience at our facilities, in order to be able to design the process efficiently.



Visits have been made to customers interested in various technologies, supporting the growth and development of our activities.

6.3.3. Water quality and discharges

This working group has analysed the impact on the organisation of the new requirements included in the new Royal Decree on Water Quality, mainly affecting the inclusion of new parameters and types of analysis, the preparation of Water Health Plans focused on the identification and management of risk in the different water supply infrastructures and increased transparency in terms of the information to be provided to the public on infrastructures and analytical results.

6.3.4. Technological transformation

As the implementation and start-up of the new **Aqualia Live** platform progresses, the systems are evolving and are being nourished both by experience and by the new needs that are being analysed and developed together with the IT department. During this year, the evolution has been significant.

In the last quarter of the year, several development groups have been established for the new functionalities of the **Aqualia Live** platform with the aim of promoting the existing needs together with the IT department. At the same time, the aim is to take a snapshot of the current situation of real usability.

In the specific case of the **GEO** module, a study was launched in 2022 to analyse its implementation, level of detail and updating, in order to be able to take measures and focus efforts for the correct implementation of the system, as the GIS is the core of the rest of the modules and systems.

GEO was also implemented during the year in the new contracts for:

- France
- Colombia (Villa del Rosario)

The Asset Management and Work Order Management (**NOW**) module has continued to be implemented in a total of 227 facilities in Spain, France and Colombia in the case of asset management. In the case of work orders, coverage in Spain is 100%, with a degree of use of the mobile application of over 90%.

Finally, the future entry into force of the RD on the Quality of Water for Human Consumption is causing a change in procedures, including the way in which analyses are managed. A functional document has been drafted and a new web portal has been developed where all the planned analyses have been integrated, in accordance with the current legislation on Water Quality, carried out by both accredited laboratories and the rest of the certified laboratories. This portal will provide access to all the bulletins, as well as all the information about the infrastructures that are linked to the National Drinking Water

Information System (SINAC), such as the infrastructures of the Supply Zones. All this consolidated information will serve as a starting point for applying some of the requirements included in the new Royal Decree 3/2003 on water quality.

This step is fundamental to have all the analytics in a single portal where they can be consulted in the rest of the systems, or migrate them for different utilities.

6.3.5 Framework Agreements

Over the course of 2022, several strategic framework agreements for optimisation and evolution have been launched, such as:

6.3.5.1 Electric vehicle chargers

In relation to the Sustainable Development Goals (SDGs), it was decided that the purchase of all industrial vehicles (vans) to be renewed or acquired should be 100% electric, which contributes to the achievement of the objectives planned by the company. A total of 32 have been installed to date, with a projection of 160 installations by the end of 2023.



6.3.5.2 Simple remotes

In the last quarter of 2022, information has been collected, the preparation of conditions has been analysed and the framework agreement for simple remote stations for data transmission has been launched. This agreement is necessary due to the upward progression that has been taking place in the purchase of this equipment in recent years, making it necessary to homogenise it and optimise the time spent on the services to acquire it.

There are currently a multitude of manufacturers of this type of equipment, but it is essential to homogenise and focus on 100% proven technologies, quality suppliers and equipment that can be easily integrated with Aqualia's technological platforms.

One of the conditions added to this AM is that it must be applicable to the supplier at international level, as there is a strong expansion of the corporation at this level (Georgia, France, Colombia), thus unifying technology in these countries, achieving the same objectives as in Spain.



6.3.5.3 Repair material

One of the great challenges in service management is to optimise and guarantee the quality of the material used in the day-to-day repair and installation of networks, both supply and sanitation.

This situation has led to the process being carried out for a national and international framework agreement for the supply of this material. During the last quarter of 2022, the large amount of existing information on references, consumption and detail, elaboration of conditions, has been compiled. This framework agreement is of vital importance for the uniform and unique creation of the logistics centres mentioned above.

The companies invited to this process, as in the rest of the framework agreements, are of recognised prestige and recognised quality in their products.

This framework agreement is currently being finalised and awarded, including as initial materials, valves, brass, universal flanges, universal joints, heads, hardware, repair clamps, etc. etc. etc.

In order to determine the material to be included in this first framework agreement at national and international level, a study of material rotation in the warehouses and a Pareto study was carried out. This analysis led to the sizing of the logistics, since out of 2,000 references used, 80% of the amount of consumption is realised in 235 and 90% in 469.



- In collaboration with the Training Area, collect training needs, adjusting them to the different job profiles and including welcome, specialisation and development programmes.

6.5. Accredited laboratories

For the AqualiaLAB network of accredited laboratories, 2022 has meant a special effort to adapt to the new drinking water quality regulations planned to be implemented by the Health Administration in 2023.

The new regulation will involve the analysis of new parameters (e.g. somatic coliphages, haloacetic acids, PFA substances, Bisphenol A, etc.).

The increase in the number of parameters and samples to be taken will mean an increase in the number of determinations of around 25%.

In order to meet this challenge, it has been necessary to expand the facilities, with an investment of close to 1.5 million euros over three years and the incorporation of two new laboratory technicians to the team.

On the other hand, during 2022, the project for the incorporation of people with disabilities in specially adapted laboratory tasks and applying equally adapted training to the position has been opened. The Jerez laboratory was the first to undertake the experience with more than satisfactory results.

As usual, accreditation has been maintained in all laboratories after the corresponding audits, and the number of accredited parameters has been increased in all of them.

7. INNOVATION AND TECHNOLOGY

Aqualia's innovation activity is aligned with European Green Deal policies, promoting the transition to a circular economy with a zero carbon footprint. The Innovation and Technology department (DIT) develops new sustainable services and processes, thanks to smart and eco-efficient management tools. DIT projects support the company in achieving the United Nations Sustainable Development Goals (SDGs), focusing on affordable, high-quality water and sanitation (SDG 6), an optimised energy balance (SDG 7) without affecting the climate (SDG 13) and responsible production and consumption (SDG 12).

The attached table summarises the 22 projects developed by the DIT during 2022 (and their start and end dates), which strengthen Aqualia's technological proposal in four lines of work: Quality, Eco-efficiency, Smart Management and Sustainability.

	Inicio	Fin	Acrónimo	Lider	Área
1	2018	2022	H2020 SCALIBUR	Itene	Ecoeficiencia
2	2018	2023	H2020 REWATERGY	URJC	Ecoeficiencia
3	2018	2021	JPI MARADENTRO	IDAEA/CSIC	Ecoeficiencia
4	2018	2023	BBI B-FERST	Fertiberia	Ecoeficiencia
5	2018	2024	BBI DEEP PURPLE	Aqualia	Ecoeficiencia
6	2018	2022	LIFE ULISES	Aqualia	Sostenibilidad
7	2018	2023	LIFE INTEXT	Aqualia	Sostenibilidad
8	2019	2021	RIS3 IDEPA RECARBON	INGEMAS / TSK	Ecoeficiencia
9	2020	2024	H2020 SEA4VALUE	EureCat	Ecoeficiencia
10	2020	2024	H2020 ULTIMATE	KWR (NL)	Ecoeficiencia
11	2020	2025	H2020 REWAISE	Aqualia	Gestión
12	2020	2024	LIFE PHOENIX	Aqualia	Sostenibilidad
13	2020	2024	LIFE ZERO WASTEWATER	Aqualia	Calidad
14	2021	2024	LIFE INFUSION	EureCat	Calidad
15	2021	2025	H2020 NICE	CETIM	Sostenibilidad
16	2021	2025	LIFE RESEAU	Aqualia	Calidad
17	2021	2024	MISIONES ECLOSION	Aqualia	Ecoeficiencia
18	2021	2024	MISIONES ZEPPELIN	Aqualia	Sostenibilidad
19	2022	2023	EFLUENT-EX	Aqualia	Ecoeficiencia
20	2022	2026	D4RUNOFF	Vand Center Syd (DK)	Calidad
21	2022	2026	CHEERS	Mahou San Miguel	Ecoeficiencia
22	2022	2026	NINFA	Leitat	Ecoeficiencia

Aqualia's participation in **four** projects was completed in 2022:

- EU H2020 project: **Scalibur** - on resource recovery from solid waste
- RIS3 (Regional Innovation Strategies for Smart Specialisation) project with FEDER funds from IDEPA Agency in Asturias: **ReCarbon**, investigating pollutant adsorption methods with regenerated activated carbon and biochar.
- Joint Programming Initiative (JPI) on Water challenges for a changing world, managed by CDTI: **MarAdentro**, on the infiltration of treated effluents into aquifers.
- Marie Skłodowska Curie European Industrial Doctorate: **Rewatergy**, to recover hydrogen from wastewater, and to develop new oxidation methods.

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

- 6 from the European Life programme: **IntExt**, **Ulysses**, **Infusion**, **Phoenix**, **Zero Waste Water** and **Reseau**.
- 2 of the EU Joint Initiative / Bio-Based Industries (BBI): **B-Ferst** and **Deep Purple**
- 4 from the EU H2020 programme: **Rewaise**, **Sea4Value**, **Ultimate** and **Nice**.

Thanks to the 2021 calls, **six** new projects could be launched in 2022:

- 1 of the RIS3 regional programme of Extremadura: **Efluent-EX**

- 2 of the CDTI's Science and Innovation **Missions** programme, focused on the production of renewable gases:
 - **Eclosion**, to optimise the production of methane and hydrogen from **waste**
 - **Zeppelin**, to promote biogas synergy with industry and distribution networks
- 3 of the EU's new *Horizon Europe* programme: **Cheers, D4Runoff and Ninfa**

7.1. Projects completed in 2022

In the four projects completed in 2022, the following results have been achieved:

- **H2020 Scalibur**

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

Within this framework, Aqualia has implemented new sludge treatments at the Estiviel WWTP (Toledo), testing improvements in thickening and dual digestion in two stages that allow for sanitisation. Simplified sludge stabilisation technologies have also been developed, without concrete structures for small WWTPs. This project has facilitated the first innovation activities at SmVaK in the Czech Republic, with prototypes at the Karviná WWTP to convert organic matter into by-products such as fertilisers and bioenergy.

- **RIS3 ReCarbon**

Financed by the Asturian agency IDEPA with FEDER funds from the RIS3 programme, and led by the engineering company INGEMAS in Gijón with two local SMEs (Biesca and InCo), in this project Aqualia has validated pollutant adsorption methods with regenerated activated carbon and biochar, developed by the INCAR (Institute of Carbon Science and Technology) of the CSIC and the CTIC (Information and Communication Technology Centre). The sustainable and affordable adsorbents have been tested for the cleaning of biogas in the WWTPs of Chiclana, Lleida and Jerez, as well as in the deodorisation of the Luarca and San Claudio WWTPs in Oviedo.

Biochar has been tested in novel micropollutant adsorption units, and the results have been verified with new advanced analysis methods developed by Aqualia's accredited laboratory in Oviedo. In addition, new sensors have been validated for real-time monitoring at the El Grado WWTP and the Cabornio DWTP in Oviedo.

- **JPI Water - MarAdentro**

The project *Managed Aquifer Recharge: Addressing The Risks Of regenerated water* was led by the

Instituto de Diagnóstico Ambiental y Estudios del Agua (IDAEA-CSIC) in the European *Horizon 2020 ERA-NETs Cofund WaterWorks 2018* programme, with participation of partners from France, Italy and Sweden, to optimise soil as a tertiary treatment unit.

A 400 m infiltration system² has been built at the WWTP in Medina del Campo (Valladolid) for advanced treatment of treated water, allowing its reuse in aquifer recharge, compared to conventional tertiary treatments. The scientific institutes have developed system design and simulation tools to optimise the operation and reduce the costs of removing emerging pollutants.

- **EU MSCA - Rewatergy**

In addition to technological development, this latest project focuses on scientific training, within the *H2020 Marie Skłodowska Curie* programme of European academic networks. In the network led by the Rey Juan Carlos University, Aqualia participated as an industrial partner by hosting two PhD researchers to carry out practical work at its wastewater treatment plants:

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

7.2. Projects due to end in 2023

Three other European projects, two from the *LIFE* programme and one from the *BBI Bio-Based Industries* programme, are in their final phase of development, although extensions are planned to meet all targets and to compensate for delays during the Covid-19 pandemic:

- **Life Ulysses**

Three technology centres, CENTA, EnergyLab and CieSol of the University of Almeria, support Aqualia as coordinator to transform conventional WWTPs into "energy and biofertiliser production factories", achieving energy self-sufficiency and eliminating their carbon footprint. Anaerobic pre-treatment with the PUSH reactor has been implemented at the El Bobar WWTP in Almeria, operated by Aqualia. These reactors have also been successfully evaluated in Portugal, first at two WWTPs operated by Aguas de Algarve, and then at the Cartaxo WWTP, operated by Aqualia.

To improve the energy balance in Almeria, biomethane is used as a vehicle fuel with an *ABAD BioEnergy* refining system and a dispenser. In fertiliser production strategies, struvite precipitation, enzymatic hydrolysis and Fresnel lens solar disinfection techniques have been developed.

- **Life IntExt**

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

At the Talavera de la Reina WWTP (Toledo), managed by Aqualia, the demonstration platform of 16 technologies is operated, comparing different systems (wetlands, algae, reactors with biofilms or granular sludge). In parallel, the wetlands are also tested at CENTA in Seville, to quantify the climatic effect, and to compare various pre-treatment options (Push, Imhoff).

- **BBI B-Ferst**

Fertiberia is leading the project to develop new biofertilisers from urban wastewater and by-products from agri-food industries, with the participation of Aqualia and ten partners from six different countries. It analyses the potential of raw materials recovered from urban waste and effluents in the production of fertilisers in three countries (Spain, Italy and the Czech Republic). A struvite precipitation facility is also being operated at the Jerez WWTP, managed by Aqualia, to incorporate the phosphorus recovered in a new Fertiberia biofertiliser demonstration plant in Huelva.

The conditions under which samples of the **Aquavite®** product comply with the limits of the 2019/1009 legislation on fertiliser products, in terms of **P2O5** content (16%) and in the presence of pathogens, are verified by testing the disinfectant effect of an infrared thermal dryer. This by-product is used for land reclamation in Ávila after the forest fire, and agri-food sludge, such as the waste from the Coosur WWTP (Jaén) operated by Aqualia, is characterised for incorporation in Fertiberia's formulations.

7.3. Projects under development with a duration beyond 2023

Five projects with European *H2020* funding were in full swing during 2022, one in the *BBI (Bio-Based Industries)* initiative, two in the *H2020 Water Smart Economy* call, as well as two in the *RIA (Research and Innovation Actions)* programme financed 100% by the EU. Also, within the EU's LIFE programme, three projects are continuing in facilities operated by Aqualia, and a fourth in cooperation with FCC Medio Ambiente:

- **BBI Deep Purple**

Led by Aqualia and supported by thirteen partners from six countries, the project implements a new bio-refinery model on a demonstration scale, integrating purple and phototrophic bacteria (PPB) in anaerobic carousels. These bacteria use solar energy to treat wastewater without aeration, and

transform the organic content of wastewater and municipal waste into feedstock for biofuels, plastics, cellulose and new base materials in the chemical and cosmetics industry.

At WWTPs managed by Aqualia, a first prototype of the photobioreactor has been optimised at the Toledo-Estiviel WWTP, and a demonstration reactor ten times larger has been built at the Linares WWTP (Jaén). Parallel demonstration activities are being prepared at the Badajoz WWTP and at SmVaK in the Czech Republic.

- **H2020 Ultimate**

In the *Smart Water Economy* call, Aqualia participates in two of the five selected consortia, grouped in the CIRSEau cluster, each receiving up to 15 million euros in EU support. In Ultimate, the Dutch technology centre KWR is coordinating 27 partners who are implementing innovative demonstrations of synergies between water services and industries in nine sites.

Aqualia has installed a fluidised anaerobic reactor (FBBR / Elsar) on an industrial scale at the Mahou WWTP in Lérida, which will later be compared to an AnMBR to recover biomethane and feed a fuel cell. Co-digestion of waste yeast is also being studied, as well as support for AITASA in Tarragona, where Aqualia has built a new industrial effluent treatment plant, which could then be used to supply ultrapure water to the factories in the petrochemical industrial hub.

- **H2020 Rewaise**

Aqualia leads the EU *Smart Water Economy* project with the largest business participation, coordinating water companies from the UK (Severn Trent), Sweden (Vasyd) and Poland (AquaNet) among the twenty-four entities in the consortium. Together with 7 SMEs and several universities in Croatia, Italy, Poland, Czech Republic, Sweden, and UK, new circular economy and digital management solutions are implemented in *Living Labs* including Aqualia operations in Asturias, Badajoz, Canary Islands, Denia, Salamanca or Vigo.

Rewaise reinforces Aqualia's strategic lines of technological development, such as sustainable desalination and the use of new membranes, the recovery of materials from brine, the reuse of wastewater and its transformation into energy and by-products, and the simulation of the operation and control of processes and networks to optimise the efficiency of the service and the quality of the water. In the Balaídos industrial park, an AnMBR reactor has been installed to recover resources from the urban effluents of the Citroën/Stellantis factory.

- **H2020 Sea4Value**

In this 100% EU-funded project, the EureCat technology centre is coordinating fourteen partners from seven countries to recover resources from concentrated brine in seawater desalination plants

(WWTPs). Still at a basic scientific level, at least eight innovative technological solutions are being developed to enrich the most valuable components of seawater (lithium, caesium and rubidium), and to recover critical raw materials (magnesium, boron, scandium, gallium, vanadium, indium, molybdenum and cobalt) to a purity that allows them to be exploited on the market.

As part of this project, Aqualia's Desalination Innovation Centre in Denia has been strengthened and a new test platform has been set up in Tenerife to analyse the technical and economic impact of more sustainable desalination methods and new solutions for the recovery of brine. With pilot units in the various EDAMs operated by Aqualia, work is being carried out on the solar concentration of brine, selective precipitation of magnesium, obtaining chlorine dioxide, and optimising the remineralisation of permeate with micronised calcite, reducing CO₂ consumption, turbidity and the size of the installations.

- **H2020 Nice**

The *Nice* project generates scientific knowledge on natural solutions (*Nature Based Solutions NBS*), such as wetlands or green facades, for the purification and recovery of resources from urban wastewater. Led by the technology centre CETIM with 14 partners from 9 countries, these solutions aimed at sustainable cities will be implemented in a dozen sites, including Aqualia facilities in Algeciras, Benalmádena, Madrid, Talavera and Vigo. The pilots integrate developments by SMEs and universities in Denmark, France, Italy and Sweden, and include actions with partners in Colombia and Egypt.

- **Life Phoenix**

The project, led by Aqualia and supported by the technology centres CETIM and CIESOL, optimises tertiary treatment to achieve the most ambitious objectives of the new European regulation on water reuse (EU 2020/741). To evaluate various effluents from Aguas de Portugal, the Almeria Provincial Council and the Guadalquivir Hydrographic Confederation, several mobile plants are being built, combining physical-chemical treatments of 50 m³ /h with advanced filtration of 30 m³ /h, and various ultrafiltration and nanofiltration membrane refining *skids*.

In addition, Newland's European subsidiary Entech tests ozone O₃ and ultraviolet UV modules, which enable advanced oxidation and disinfection. A sensor from the Dutch company MicroLan for *online* microbiological measurements and continuous monitoring of the reuse water quality is also being tested to meet the risk control requirements of the new EU standard.

- **Life Zero Waste Water**

In collaboration between Aqualia, as leader, and Canal Isabel II, as partner, the project has installed at the Valdebebas WWTP a combined treatment unit for Urban Waste Water (UWWW) and Organic Fraction of Urban Solid Waste (OFUW). To treat with a neutral carbon footprint, a 50 m³ /d anaerobic reactor AnMBR is fed, producing biogas, followed by the ELAN in-line water process to remove nitrogen with low energy consumption. FORSU management will be evaluated using the sewerage

system for the transport of the organic matter mixture in a single stream.

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

- **LIFE Reseau**

The *RESEAU* project seeks to increase the capacity and resilience of the existing hydraulic sanitation infrastructures to the impact of climate change. The project, led by Aqualia, is in partnership with the technology centre ITG (Fundación Instituto Tecnológico de Galicia) and the public operator VCS (Vand Center Syd AS) in Odense (DK). In Aqualia's operation in Moaña (Pontevedra), sensors (velocities, flows, levels, etc.) will be installed in the sewerage network to monitor and model its behaviour, with the aim of developing a flexible flow management model.

In addition, an aerobic granular reactor of 500 m³ is being built at the Moaña WWTP to treat up to 2,000 m³ /d of wastewater. Compared to conventional activated sludge, this advanced biofilm system multiplies the biological treatment capacity several times, improving the adaptability of the WWTP to load variation, and limiting the space required for its implementation. It also significantly reduces the environmental impact of the treatment process by reducing energy needs and avoiding the emission of greenhouse gases.

- **Life Infusion**

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

7.4. Projects started in 2022

Thanks to the 2021 calls, **six** new projects have been launched in 2022, one regional project in Extremadura, two of the CDTI's major initiatives, **Misiones** Ciencia e Innovación, and three new *Horizon Europe* projects, two of which belong to the RIA call.

- **Efluent-EX**

Financed by FEDER RIS3 regional specialisation funds, the Autonomous Community of Extremadura is committed to a Circular Green Economy and supports clean energy from organic and agro-industrial waste. In the *E-fluent-EX* project, Aqualia is researching different technologies to convert WWTPs into biofactories and renewable energy sources, promoting sustainable mobility with green biofuels.

At the Badajoz WWTP managed by Aqualia, solar solutions are implemented to heat the digesters, with photovoltaic panels and a Fresnel lens solar drying and sanitisation system. Digestion is also optimised thanks to agro-industrial cosubstrates, evaluating the inventories and characteristics of waste from wineries, fruit processing, tomato, cheese and livestock farms, in an attempt to maximise the production of biomethane and hydrogen. In the digestion products, a new biogas *upgrading* technology is developed with materials based on ionic liquids (ILs) for the adsorption and deodorisation of CO₂ in a continuous and controlled way. Solid waste is transformed into carbonaceous materials (biochar) with various thermal processes: hydrocarbonisation, pyrolysis and activation.

- **Science and Innovation Missions of the Centre for the Development of Industrial Technology (CDTI)**

The State R&D&I Plan 2021-2023 promotes and coordinates Innovation, to catalyse Business Leadership and Public-Private Collaboration. With EU *Next Generation* funding, the plan includes the "Science and Innovation Missions" pre-competitive research projects, led by companies that seek to improve cross-cutting and strategic knowledge to increase competitiveness.

Of the 111 projects submitted, only 24 consortia of large companies were selected, including two led by Aqualia in the Mission "To become a carbon neutral, sustainable and climate resilient society":

- **Eclosión's** main objective is to create new materials, technologies and processes for the generation, storage and transport of renewable and indigenous hydrogen and biomethane. These energy carriers will be made from urban waste, agri-food, wastewater and sewage sludge, and will be accompanied by eco-efficient, flexible and intelligent optimisation tools. The consortium of eight companies, led by Aqualia, together with FCC Medio Ambiente, CADE, Ghenova, ARIEMA, H2B2, Idecal and MindCaps, will carry out the research at four development centres: the Valladolid Waste Treatment Centre, managed by FCC Medio Ambiente, and the wastewater treatment plants in Salamanca, Lleida and Jerez de la Frontera, managed by Aqualia. Research will be carried out into bio-electrochemical processes for generating renewable gases, thermochemical treatment with supercritical gasification, and new processes for separating and storing the gas mixtures produced to generate high-quality pure gases.
- **Zeppelin** is researching a flexible set of technologies for the production and storage of green hydrogen based on the use of waste and by-products (agri-food, textiles, wastewater treatment plants, refineries, etc.). The aim is to improve the efficiency of the production of this energy vector, addressing the technological challenges linked to biogas and bioethanol reforming, dark fermentation (FO), microbial electrolysis (ME), gasification and hydrogen

storage. With new models for obtaining green hydrogen complementary to electrolysis with renewable energies, decarbonisation is promoted under the principles of the Circular Economy and digitalisation. The consortium, led by Aqualia, includes seven key companies in the hydrogen value chain, starting with Repsol, the leading national producer and consumer of hydrogen; Naturgy, Redexis and Reganosa, as gas distributors; and other technological partners such as Norvento, Perseo and Técnicas Reunidas. The companies are collaborating with nine research organisations (including CETIM, CIEMAT, EnergyLab, CIDAUT, and IMDEA-Energía) to implement several innovative hydrogen production pilots at the Algeciras WWTP, managed by Aqualia, which can supply large hydrogen consumers in the area such as Acerinox, Viesco, Air Liquide, Linde, as well as the port companies.

- **New EU Horizon Europe programme**

In the new EU framework programme in the period 2021-2027 Aqualia is involved in the first three projects, with the last two RIA projects being 100% funded:

- **Cheers** is a development project focused on a zero waste biorefinery, coordinated by the brewing company Mahou San Miguel with 10 partners from 5 European countries, including Aqualia/Hidrotec, the Ainia technology centre and the University of Valladolid. Inspired by nature's biodiversity (insect and microbial platforms), the objective is to revalorise underutilised or waste secondary streams such as bagasse, wastewater, CO₂ and CH₄ from the brewing industry for conversion into five market-competitive innovative bioproducts: insect protein, disinfectant, microbial protein, ectoin and caproic acid. In addition to validating new sustainable bioprocesses for transformation at demonstration scale, a 50% reduction of the carbon footprint in each value chain will be achieved.
- **D4Runoff** (*Data driven hybrid nature based solutions for preventing and managing diffuse urban runoff*) develops tools to quantify, prevent and manage diffuse pollution created by urban runoff water. Led by the public water company Vand Center Syd (VCS) in Odense (DK), it brings together 12 partners from 5 countries, with Aqualia/Hidrotec, the Technological Institute of Galicia (ITG), the University of Cantabria and the Catalan SME Mitiga specialised in risk control software. The work programme includes the development of new analytical methodologies by Hidrotec, the *online* measurement of indicators of micropollutants and bioplastics, and the implementation of preventive strategies to reduce diffuse pollution with multi-criteria analysis and Artificial Intelligence. *Nature Based Solutions NBS* will be validated in three sites (Odense/DK, Santander/ES and Pontedera/IT) and replicated in Algeciras (ES), Ostrava (CZ) and Cairo (EG).

Ninfa (*Taking action to prevent and mitigate pollution of groundwater*) develops ways to monitor and protect groundwater, starting with the measurement, modelling and treatment of various pollutants (nutrients, pesticides, pharmaceuticals, hydrocarbons, heavy metals, microplastics and salinity). The pollution prevention and groundwater management strategy is based on early detection systems, a better understanding of the synergistic effects and risks of multiple disturbance factors, using predictive methodologies to increase resilience and

implement treatment and mitigation solutions. The project is coordinated by the Technological Centre Leitatz, and brings together 9 other partners from 6 countries. Aqualia participates with its Hidrotec laboratories, and the City Council of Los Alcázares (Murcia) located on the shores of the Mar Menor. Aqualia France and the Instituts Mines-Télécom Atlantique in Brittany (Brest, Rennes, Nantes) are also expected to collaborate.

7.5. Patents and trademarks

Throughout 2022, the following patents and trademarks have been maintained:

	Patente nacional OEPM	Sistema de aireación	03/12/2003	ES2176119
	Patente nacional OEPM	Sistema reparto de agua y lavado para filtro	08/02/2005	ES2196949
	Patente nacional OEPM	Sistema anaerobio de depuración de agua por lotes	06/05/2009	ES2300164
1.	Patente europea EPO	Sistema de carbonatación	18/11/2015	EP2712917
	Patente nacional OEPM	Sistema de carbonatación	04/03/2015	ES2451579
				ES2466090
	Patente nacional OEPM	Proceso Anammox ELAN	10/09/2014	EP2740713
	Patente europea EPO		17/12/2014	11256559
2.	Registro de marca	ELAN *	03/09/2014	12785771
	Patente europea EPO	Algas - HRAP optimizado (LEAR)	06/01/2016	EP2875724
3.	Registro de marca	LEAR *	03/09/2014	12785713
	Patente europea EPO	MFCs lecho fluidizado FBBR (ELSAR)	22/04/2020	EP2927196
4.	Registro de marca	ELSAR *	02/06/2021	18398327
5.	Patente europea EPO	Influent distribution and Mixing Device for UASB Reactors PUSH	05/10/2016	EP3009408
			29/03/2017	EP3061515
	Patente europea EPO	Biogas upgrading	27/02/2018	US9,901,864 B2
	Patente internacional PCT	Biogas upgrading USA y MEXICO	02/12/2021	388417
6.	Registro de marca	ABAD Bioenergy *	22/05/2017	016146151
	Patente europea EPO	MDC (Microbial Desalination Cell Mides)	26/08/2020	EP3336064
7.	Patente internacional PCT	MDC USA	23/03/2021	US10,954,145
	Patente europea EPO	SAnMBR	20/05/2020	EP3225596
8.	Patente internacional PCT	SAnMBR USA y MEXICO	03/03/2020	US10,577,266 B2
	Patente europea EPO		10/07/2020	EP3546562
9.	Registro de marca	ADVANSIST (ANPHORA®) Purple Bacteria	02/06/2021	18398329
10.	Patente europea EPO	DARE	19/05/2021	EP3527538

In 2022, two new patents were applied for, while four proposals submitted in previous years are still awaited.

The table summarises the patents pending:

	Tipo de protección	Nombre corto	Fecha de solicitud	Nº solicitud	Resultado
1	Patente europea EPO	AQUELAN (ELAN en línea de aguas)	10/06/2016	EP16382266.1	Concesión Probable
2	Patente europea EPO	Cristalización de estruvita	26/09/2016	EP15754933.8	En espera
3	Patente europea EPO	Reactor a presión	19/10/2017	EP17382699.1	En evaluación
4	Patente europea EPO	Mejora PUSH	13/10/2021	EP21382918	
5	Patente europea EPO	Purasand High Recovery	30/09/2022	EP22382912.8	
6	Patente europea EPO	WETFAN	28/11/2022	EP22383139.7	
7	Patente europea EPO	Producción ectoína	00/01/1900	00/01/1900	En preparacion

7.6. Publications and events

With 271 actions in 2022, in terms of publications and participation in conferences, the average rate of references to Aqualia's R&D of the previous three years has been maintained, reaching more than

one mention per working day, as shown in the table below.

	2019	2020	2021	2022
Scientific articles	14	13	11	9
Trade press	108	67	73	74
Mainstream press	139	98	187	149
International events	24	14	29	17
National events	19	12	27	22
TOTAL	302	204	327	271

Thanks to the IWA (*International Water Association*) initiative, the BBC has produced 17 short films on innovative achievements to protect water resources in 20 sites around the world: www.beneaththesurfaceseries.com. Selected were works from the Danish company AquaPorin (Aqualia's partner in www.rewaise.eu), from other suppliers (Itron, Bentley, FlowServe...), from the European Investment Bank EIB, and Aqualia's project www.midesH2020.eu on sustainable desalination with the microbial desalination cell: <https://www.bbc.com/storyworks/beneath-the-surface/capturing-the-sea>.

8. PEOPLE AND CULTURE

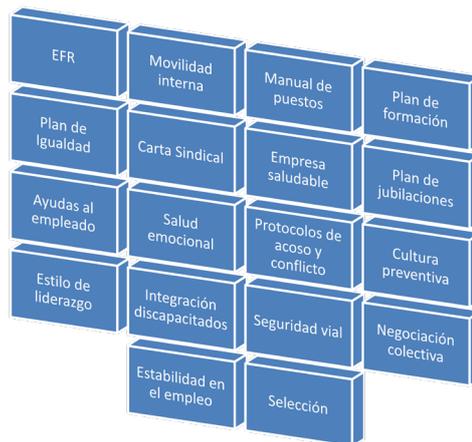
8.1. General lines of action

Following the formulation of the activity of the People and Culture department around the Be Aqualia project, our different functions converge under a common orientation and motto: **people working for people**.

Be Aqualia is the company's cultural transformation project through a coherent and consistent intervention from the human resources function. This intervention is in line with the company's strategic plan and business vision and is supported by the people management led by the company's executives.



During this financial year, while maintaining the key objective of becoming a **healthy organisation**, work has continued on the basis of the seven blocks of action identified as "health assets", which constitute the different lines of work that will be detailed in the different sections below.



8.2. Reconciliation

Aqualia maintains its **EFR** (Family Responsible Company) certification obtained in 2017, which it renewed until 2023. Aqualia raised its score from the initial certification from **C** to **C+**. The follow-up audit carried out by AENOR in 2022 had a favourable result.

Throughout 2022 Aqualia has continued to develop its action plan to achieve the objectives set for the years 2021-2023.

In 2022, the "Be Aqualia Measurement Catalogues" for corporate office and production staff have been updated.

8.3. Diversity and equality

8.3.1 Diversity and social inclusion

In 2022 Aqualia has renewed its participation in the **Diversity Charter** that it joined in 2018. By signing this charter, Aqualia declares that it respects the regulations in force on equal opportunity and anti-discrimination .

Adherence to the [#CEOPorLaDiversity](#) alliance (signed by Félix Parra in March 2021), a pioneering initiative in Europe led by the Adecco Foundation and the CEOE Foundation to unite companies and the people who manage them around the values of diversity, equity and inclusion , Aqualia being the only company in its sector to be part of this agreement.

In 2022 Aqualia joined the *Diversity Leading Company* programme, which promotes diversity and inclusion policies in companies. In addition, within this programme, Aqualia has been awarded the ***Diversity Leading Company Seal*** by Equipos y Talento as a leading company in diversity with a score of 556 out of 800, being in the range of 44% in relation to the rest of the companies that have participated:



Aqualia's participation in ***Diversity & Inclusion Day 22***, an event for the more than 60 companies that are

members of the *Empowering Women's Talent* and *Diversity Leading Company* programmes. At the event, Félix Parra, CEO of Aqualia, participated in the **CEO Voices** table where he debated, together with other top executives, the importance of diversity and inclusion as a strategic value and competitive advantage, highlighting the culture of diversity in companies as a key factor in increasing their ability to adapt to changing environments.

Recognition of "Inclusive Leader" to Pedro Ruiz (Director of Sustainable Technical Management at Aqualia) for his commitment to promoting the recruitment of people with intellectual disabilities in Aqualia's laboratories, adapting the processes to the capabilities of each person. This recognition is part of the *Diversity Leading Company* initiative that Aqualia joined in 2022 and which contributes to sharing experiences, communicating and inspiring actions in the field of diversity.

Award for Equality, Diversity and Inclusion granted by the sector company **IAGUA**. Aqualia has won this award for being a pioneer in the application of equality plans in the water management sector and for its numerous initiatives implemented to advance towards diversity, equity and professional inclusion.

In 2022, Aqualia, with the aim of fostering an inclusive and respectful environment in organisations, where talent is valued regardless of their identity, gender expression and sexual orientation. Aqualia has joined **Asociación Red Empresarial por la Diversidad e Inclusión LGBTI (REDI)**, the first ecosystem of companies and professionals in Spain that works to promote safe and respectful work environments for all people, regardless of their identity, gender expression or sexual orientation. More than 150 large corporations are members of this network, which also offers a series of visibility opportunities for the organisations that make it up, as it enables *networking* between associated institutions and professionals, as well as offering an inclusive image to companies, institutions and the public outside REDI.

In addition, Aqualia has recently signed an **agreement with the Federación Estatal de Lesbianas, Gais, Trans, Bisexuales, Intersexuales y más (FELGTBI+)** by virtue of which it adheres to the "Empresas por la Diversidad" (EMIDIS) programme, a tool that the Federation makes available to companies to guide them in managing affective-sexual, family and gender diversity in their workplaces.

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

To start working on **unconscious bias**, Aqualia launched in 2022 the **interactive SHE Experience**. An interactive story inspired by real events about bias, diversity and inclusion. Objective: to be aware of how our biases affect our decisions in order to make progress in generating more diverse and inclusive work environments. Scope: Spain, France and Portugal. 1,319 people participated in this exercise.

Diversity and inclusion awareness-raising for new recruits. This awareness-raising, developed for all employees in 2021, has been incorporated into the initial training that new employees receive in the company. The concepts of equality, uniqueness and unity are worked on in order to advance Aqualia's commitment to diversity. Employees with access to e-mail take the course through the FCC Campus, and for

employees without access to a computer, campaigns are carried out through posters in different countries.

With the Adecco Aqualia Foundation, it continues to develop the Family Plan aimed at children of employees with a certified disability greater than or equal to 33%. It also maintains the Collaboration Agreement with the Down's Syndrome Foundation and with FSC Inserta de la Once.

8.3.2 Equality

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

Aqualia has joined this women's leadership development programme in 2022, which also supports the dissemination of the initiatives of the member companies to inspire other companies and continue to make progress.

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

This talent development programme focused on women's empowerment and leadership will contribute to further raising awareness of gender diversity.

- **Creation of the *Aqualia*women Internal Female Talent Network** to share experiences with other Aqualia women who have previously participated in talent programmes. 50 women are currently part of this network.

Main objectives:

- Encourage networking
- Access to *workshops*, working tables, news...
- Facilitating group *coaching* processes, training.

- **Mentoring**

Cross Mentoring Programme within the framework of *Empowering Women's Talent (EWT)* in which different companies participate and in which mentor and *mentee* pairs are crossed. This programme brings the richness of diversity of sectors and business models. The aim of this programme is to further develop female talent and leadership through the exchange of knowledge and experiences to improve skills, abilities and competencies. Three *mentees* and three mentors from Aqualia are participating in this first programme, which ends in December 2022 and will continue in 2023.

- **Inspiring Woman" Award.**

This recognition is part of the *Empowering Women's Talent (EWT)* initiative, which contributes to sharing experiences, communicating and inspiring action on equality.

For her commitment to the development of female talent in Aqualia's internal *mentoring* programmes, the prize was awarded to Lola López-Godoy, manager of Aqualia's Municipal Water Service of Sanlúcar de Barrameda (Cádiz).

- **Equality Badge**

Aqualia maintains its "Equality in the Company" award. In December 2020, the third extension was granted for a period of 3 years. This distinction is recognition by the Ministry of Health, Social Services and Equality of the company's commitment to diversity and equal opportunities for men and women.

- **Equality Plan**

In 2022, Aqualia implemented the commitments made in the 3rd Equality Plan it signed on 5 October 2021 for the period 2021-2025, thus renewing its commitment to guaranteeing gender equality (SDG 5) and reducing inequalities (SDG 10).

The III Equality Plan is adapted to the requirements of Royal Decree 901/2020, of 13 October, which regulates equality plans and their registration, and Royal Decree 902/2020, of 13 October, on equal pay for men and women.

This Plan extends its application and is therefore binding on all workers who provide services at any of the work centres of FCC AQUALIA, S.A., as well as those of subsidiary companies with 50 or more workers and in which FCC AQUALIA, S.A. directly or indirectly holds more than 50% of the capital.

- **Let's talk about equality" training**

Objective: to promote equal opportunities in the workplace, not tolerating direct or indirect discrimination on grounds of gender, race, age, nationality, religion, sexual orientation, disability, etc. 2,512 people have participated in this training.

- **Campaigns: Women's Day, Gender Violence, etc.**

The company continues to show its commitment against gender-based violence through the implementation and participation in various awareness-raising and sensitisation campaigns carried out in different municipalities and with the collaboration of Aqualia's staff.

- **Management Development Programme for Women**

In 2022, a new edition of the Management Development Programme for Women with High Potential of the School of Industrial Organisation (EOI) was held with the participation of 3 members of Aqualia's staff.

- **Adecco Foundation Agreement** for the development of activities aimed at finding **employment for women at risk of social exclusion**.

Agreement between the Ministry of Equality (Government Delegation against Gender Violence) and Aqualia to promote awareness and social awareness against gender violence in the framework of the initiative "**Companies for a society free of gender violence**" in November 2022.

8.4 Leadership

During 2022, training was given in the Aqualia Leadership Model, aimed at the organisation's managers, with the aim of strengthening a series of competencies for managing, directing and leading teams. The training is based on three pillars of leadership for Aqualia: participative, healthy and inclusive.

- **Participatory Leadership** through which people development and team management are encouraged.
- **Healthy Leadership** where we work on how the position of leadership can influence psychosocial risks and modulate them.
- **Inclusive Leadership** that develops the ability to include and seeks to provide tools for inclusive decision-making .

8.5 Development

8.5.1. Professional and Personal Development

With the aim of contributing to a good working environment and reducing conflicts, Aqualia maintains its **Interpersonal Conflict Management Procedure**, which aims to be an effective tool for the management and resolution of conflicts arising in the workplace through mediation (a voluntary process in which the parties to a conflict try to reach an agreement themselves with the assistance of a third, impartial and neutral person, called a mediator).

Throughout 2022, the **Standard Post Manual** has been maintained, containing descriptions of the organisation's jobs according to professional families and differentiating within each post: the mission, functions/responsibilities and requirements (academic training, experience, technical knowledge and languages). This manual is intended to be a basic tool for organisational processes such as:

- Job evaluation
- Recruitment
- Career plans
- Performance evaluation

This handbook is in the process of being reviewed and updated in the light of changes in the organisation's positions.

Training at Aqualia is linked to the company's strategic objectives, to improving the performance of the workers' functions and to ensuring their health and well-being. To this end, we work to develop

training adapted to the requirements of each of the company's jobs.

Globally, in all the countries where Aqualia operates, 1,864 courses were organised in 2022 and employees received 156,328 hours of training.

Throughout 2022, the new language policy has been implemented, in which the **multilingual platform** where the following languages can be studied: English, French, Portuguese and Spanish. 434 people have participated in the platform, 71% of whom have completed courses/training modules.

In addition, language groups and individual classes have been organised according to the profiles and scope of activity of the posts. 165 people have taken part in these training courses, with a take-up and completion rate of 78%.

It is worth highlighting the implementation of the **Customer Service Processes** course developed by Aqualia's Customer Department, which is available to employees on the FCC Campus and which 562 people took in 2022.

Training on the **Code of Ethics and Conduct** was also continued in 2022 (2,487). Training was also provided on **anti-corruption: the relationship with public officials in the FCC Group** (791). Training has also been organised on the **compliance model** for control owners and process owners (88).

In addition, 1,217 people have participated in **cyberbullying** training in 2022.

Training courses on "**Cultural transformation in sustainability**" were given to Aqualia's team managers with the aim of highlighting the company's cultural transformation towards sustainability, as evidenced by the launch of the 21-23 Sustainability Strategic Plan. These trainings will continue in 2023.

In addition, **sustainability training** has been developed for all staff.

A great deal of importance has been given to training related to **emotional health**, with 391 people taking part in training courses on stress and productivity management.

Aqualia continues to promote and develop **professional skills accreditation** processes. Aqualia currently has 19 accredited experts (12 for Energy and Water, 7 for Safety and Environment).

In 2022, the second call for the accreditation process carried out within the agreement signed with the Public Agency for Training and Professional Qualifications of Catalonia was completed. In this call, 43 workers from Aragón-Rioja-Navarra were registered (19 workers in Energy and Water and 24 workers in Safety and Environment). 74% of the workers obtained full certification and 25% partial certification.

On the other hand, in 2022, the 2nd public call for applications issued by the Department of Education for workers in Catalonia for the Energy and Water and Safety and Environment certificates was

completed. In this call, Aqualia has registered 4 workers, 75% of whom have obtained full certification and 25% partial certification.

In the Valencian Community, a call for applications aimed at water network managers ended, in which 12 Aqualia employees registered. Of these, 58% obtained partial certification and 42% obtained full certification.

8.5.2. Selection and Attraction of Talent

Aqualia's Recruitment and Internships department works with one objective in mind: to **attract talent, guaranteeing objectivity and equal opportunities** in the selection and recruitment processes.

To this end, **Aqualia's Employer Brand** Image has been worked on throughout 2022 through **Employer Branding** programmes to promote the company's main objective of guaranteeing equal opportunities.

In addition, Aqualia has once again **invested in the most relevant employment portals with the greatest national and international capacity**, adding in 2022 a **new agreement with the State Federation FELGTBI+** and the new contracting of the **myGwork platform** for the inclusion of the LGTBI+ collective in the selection processes.

The Interview Script model has been improved, which was worked on during 2021 and in which, in addition to the **curricular profile** of the candidates, the competencies and skills are analysed, and ultimately, the fit **with the company and with our values and key competencies, previously defined by the company**.

Also during the year 2022, work has been done on the **Exit Interviews** procedure, which will allow us to know the reasons why employees decide to leave the company and will help to establish **improvement plans to reduce turnover and improve the quality of staff selection**.

The number of new recruitments that have been made during the year 2022 is detailed below:

SDG 8	Men	Women	Total
New recruitments Central Services	30	38	68
New recruits Spain ()	514	137	651
New international recruitments	668	192	860

On the other hand, Aqualia continues to work on a **plan for the integration of young people in the**

company, and with this vision, some actions have been carried out, such as:

- **Improve the processes of incorporating trainees** who will provide the talent for the future.
- **Signing of new agreements with Universities and Vocational Training Centres** in different communities and new **DUAL training** programmes with Universities such as the University of Almeria or the University of La Laguna in Tenerife.
- New students have joined the **Advanced Degree in Water Management** and the **Intermediate Degree in Water Networks and Treatment Stations of the Dual Vocational Training** in the Community of Madrid, promoted by Canal de Isabel II, and **Aqualia continues to be one of the companies in the programme with the most involvement and success in the programme** and with the best percentage of incorporations after the internship period.

SDG 8	Men	Women	Total
Traineeships 2022	18	9	27

8.6. Quality in Employment: Collective Bargaining, Industrial Relations and Personnel Administration

In terms of collective bargaining, the trend of reducing the number of smaller collective bargaining agreements continued and, by adhering to the Sectoral Agreement, the 6th State Agreement on the Integrated Water Cycle continued to be extended as the regulatory reference framework for labour relations with employees. In addition, agreements of lesser importance have been reached, such as the Autonomous Collective Bargaining Agreements of Murcia and Catalonia, among others. It is worth highlighting the establishment of transitional agreements with the workers in the sports facilities activity at national level, given that the sectoral agreement, which regulates their employment relationship, is blocked in its negotiation, resulting in potential collective conflict. With these agreements, Aqualia has eliminated the risk of this. In the international area, there is no collective conflict of any kind and the applicable labour regulations in each country are complied with, with no relevant incidents of note.

In terms of relations with the social partners, there continues to be stability and collaboration between the most representative trade union organisations (UGT and CC.OO.) and the companies that represent the sector at employer level (AGA), with no collective conflict at sector level or strikes in the Aqualia Group in 2022.

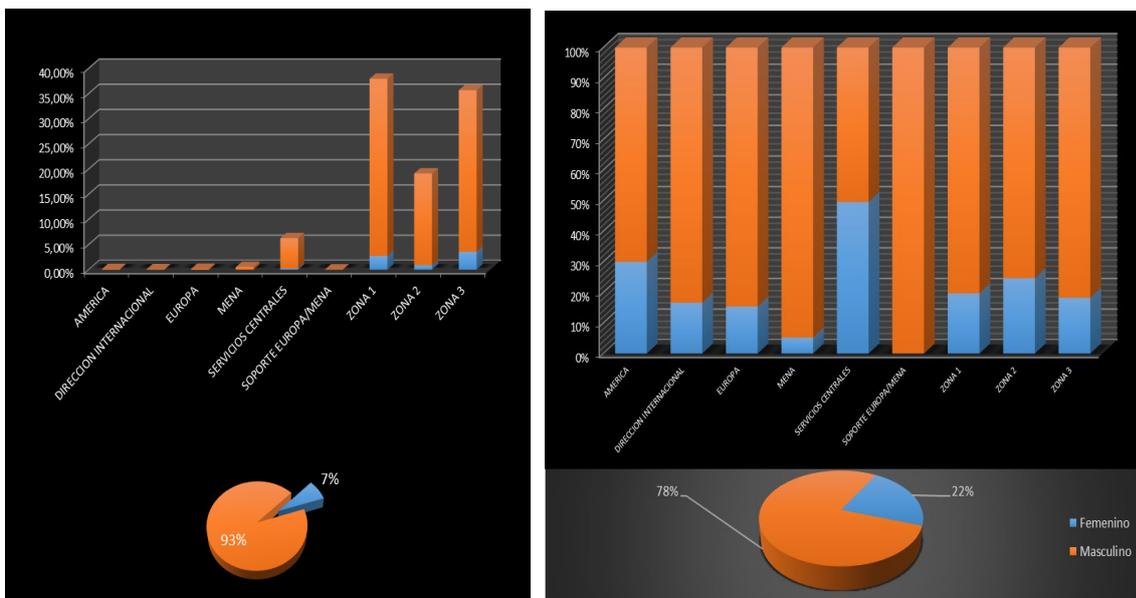
Labour disputes have remained at a low level; in terms of collective disputes, there have been 2 disputes due to the application of collective agreements, one of them at the regional trade union/employer level (Extremadura) which does not originate from or derive from the actions of the Aqualia Group, and another in the negotiation of the Algeciras agreement. In the latter, negotiations

are underway to reach a solution and unblock negotiations. In 2022, as a result of the regulatory changes in terms of equality, hiring and wage gap, the number of Labour Inspections received has increased substantially (13 in 2021 and 64 in 2022), however, and given that Aqualia strictly complies with the regulations, all of them have been closed without any breach or sanction for the group.

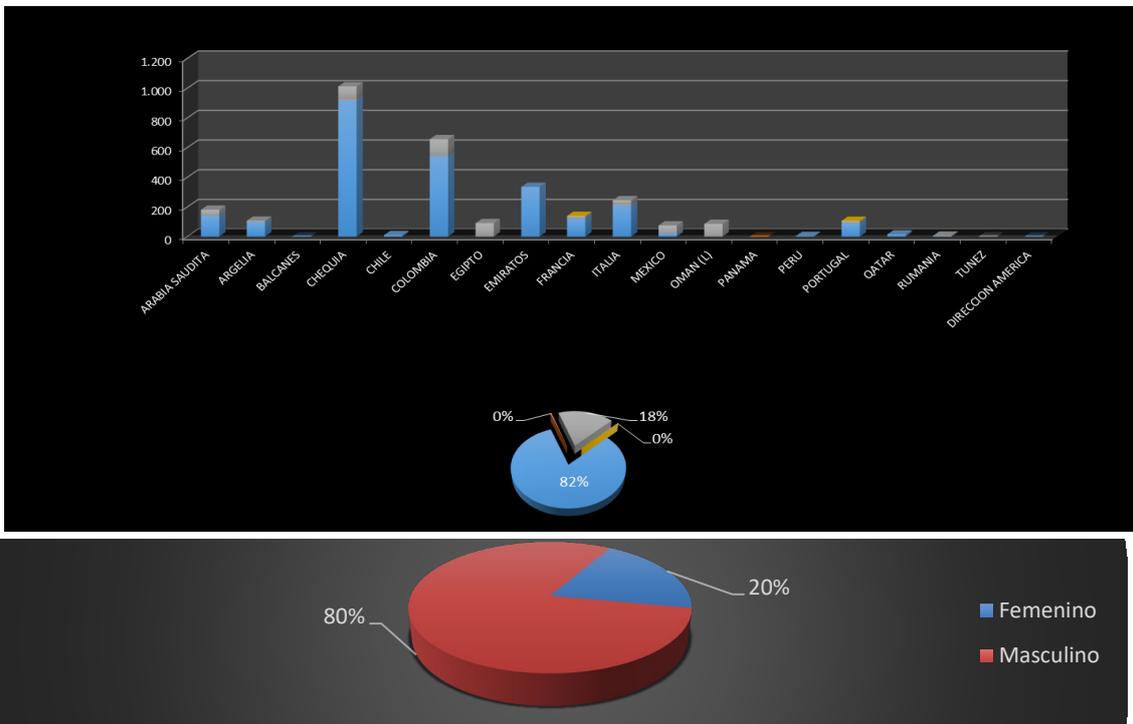
With regard to quantitative data, the employment stability policy is maintained, obtaining a result at national level of 93% of permanent contracts compared to 87% of permanent contracts in 2021, and in terms of gender, the percentage of female employees has been maintained compared to 2022, with a gender distribution of 78% of employees and 22% of female employees. On an international level, employment stability stands at 82% permanent contracts and 18% temporary contracts, and in terms of gender, 80% of employees and 20% of female employees.

With regard to compliance with the regulations on staff with different abilities, the Aqualia Group complies with these regulations in full, maintaining the required 2% of staff with different abilities in companies with more than 50 employees and in the case of FCC Aqualia S.A. through the corresponding alternative measures.

RECRUITMENT SITUATION AND PERSONS BY GENDER NATIONALLY

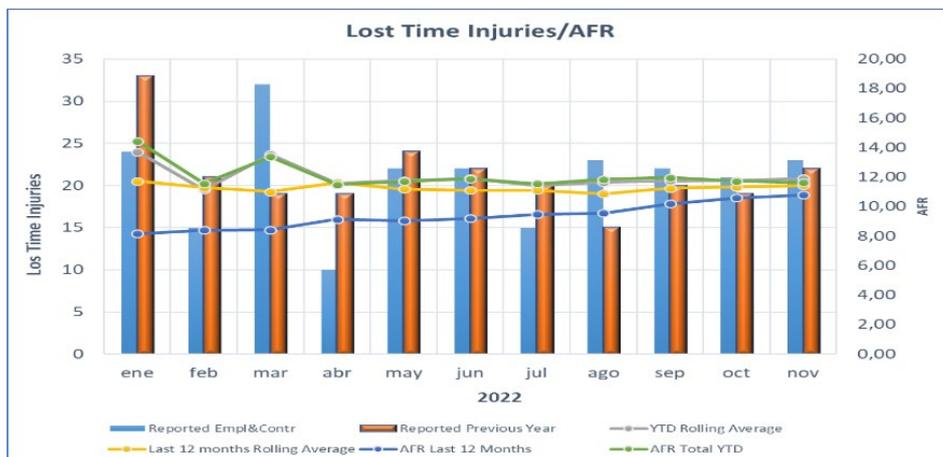


RECRUITMENT SITUATION AND PEOPLE BY GENDER INTERNATIONAL



8.7. Health and Welfare

8.7.1. Evolution of Aqualia's accident rate over 2022



The evolution of the claims ratio in 2022 (data at the end of November) has been upward compared to the previous year, with the cumulative AFR standing at around 11.6 compared to 8.5 at the end of 2021. This is partly explained by the influence of the pandemic that still had its effect during 2021 in terms of reduced activity. And other factors such as the increase in activity in Colombia following new hires, which has also led to an increase in the number of accidents.

On the positive side, the absence of serious accidents among the company's own personnel is noteworthy. Only one fatal accident of subcontracted personnel was recorded at the start of the new contracting activity in Georgia.

8.7.2. Health and Welfare HIGHLIGHTS

Throughout 2022, the **2nd Edition of the "Strategic Plan for the Health and Wellbeing area 2022-2024" was** drawn up and approved, a framework under which the lines of work, plans and projects of our organisation are established in order to materialise the objectives of "the person at the centre" and "achieving an increasingly healthier working environment and improving health and wellbeing". The most significant actions carried out this year, grouped according to the projects of the strategic lines of the Strategic Plan, were as follows:

8.7.2.1.1. Outstanding projects or initiatives aimed at achieving "Zero Harm" to workers:

- In 2022, 6,402 medical examinations were performed (5,493 Cualtis + 909 SM FCC).
- Digitalisation initiatives: participation in the development of the BeAqualia *app* and totem.
- Course redesign and new training courses: online training courses for Campus FCC: 5 new courses in 2022.
- Generation of resources and content: risk search; LOTO and virtual reality workshops; 3D recreation of accidents; "Accident Notes" and "We Should Know...", etc.
- Specialised training on contractor management and use of documentation control and tracking platforms.
- Design and development of the 1st Edition of the "Good preventive practices in Aqualia" and "Good Healthy Practices Award".
- Gala presentation of the "Recognition of Preventive Effort" Awards.

8.7.2.2.2. Outstanding projects or initiatives aimed at controlling critical risks in Aqualia:

- Unification of single, specific work plan templates
- Development and evolution of asbestos decontamination booths
- Development of "Comprehensive ATEX Risk Installation Control Plan".
- Participation in the engineering phase in all projects with ATEX risk.
- Design of the "Integral control plan for chlorine gas installations".

8.7.2.3. Projects or initiatives aimed at improving people's wellbeing:

Aqualia continues to make progress in the *Be Aqualia* Project with the aim of becoming a healthy organisation. In 2022, and within the strategic line of Workplace Wellbeing, the following stand out:

- CROSS-CUTTING PROJECTS:
 - Development of the *United Heroes* Pilot in the Czech Republic and Extremadura Delegation.
 - Sponsorship for participation in sporting events: Women's Races (Spain and Portugal), Water Race, Talajara 2022, *Vig-Bay* 2022, ...
- LOCAL INITIATIVES: more than 100 local and regional initiatives in 2022 (*family days*, local sports events, fruit in the workplace, BeAqualia days, ...).
- PREVENTIVE MEDICINE:
 - 5 specific health promotion campaigns: 3 ophthalmological health campaigns (glaucoma screening), a preventive dental health promotion campaign and a campaign to raise awareness of breast cancer and its prevention.
 - Improvement and incorporation of new tests in medical check-ups, such as the determination of PSA in blood for the early detection of prostate cancer.
- PSYCHOSOCIAL ACTION PLAN:
 - Provision of tools for the improvement of emotional well-being:
 - PAE: Counselling and psychological support programme for both Aqualia employees and their families (national level).
 - 7 specific educational and awareness-raising campaigns on mental and emotional health.
 - Implementation of a development programme in emotional competencies for *managers*: "Healthy Leadership".
 - Development of new training programmes related to the Improvement of Quality of Life at work: "Stress management workshops" and "Productivity management workshops".

8.7. 3External health and safety awards and acknowledgements received:

The implementation of Aqualia's comprehensive Health and Wellness policies has won several external awards and recognitions throughout 2022:

- 10th Edition of the ASEPEYO "Antoni Serra Santamans" AWARDS
- 4th Ed. "Recognitions in PRL of the COMUNIDAD DE MADRID".

9. COMMUNICATION, MARKETING AND CSR

9.1. Communication and awareness-raising on ESG (Environmental, Social and Governance) issues

9.1.1. Aqualia's Communication Plan: national and international

The company is in a position of enormous responsibility to its stakeholders and to the future. It is time to work **in line with the 2030 Agenda** and the Sustainable Development Goals (SDGs), integrating these goals into the corporate strategy and communicating them to all the company's stakeholders. Only in this way will Aqualia position itself as a specialised and differentiated company that enjoys recognition, social legitimacy and a good reputation. The 2021-2023 Sustainability Plan lays the foundations for guiding business management under environmental, social and governance (ESG) criteria.

In this context, Aqualia's **Communication Plan** is defined under the strategic axes of digitalisation and sustainability.

- **Digitalisation...** Facing challenges successfully is easier with the support of technology and digital tools, which is why Aqualia is committed to the digital transformation of its operations and processes.
- **Sustainability** in three different dimensions: economic, environmental and social. Economic, to achieve a position as a leading company with the capacity to influence the sector.
- **Transparency** as a transversal value for the entire company and its activities. In the current situation, the company has the opportunity to become a benchmark in the sector and, furthermore, to achieve the "**social licence**" in water management as an effective collaborator and leader in public-private collaboration projects.

Aqualia's 2022 Communication Plan has focused on digitalisation and sustainability, so the company aims to position itself as a leading player in these concepts while strengthening its reputation and brand image. Under the slogan "**people working for people**" Aqualia assumes as one of its main tasks to improve the quality of life of citizens and the environment. To this end, the organisation presents itself as a glocal company (a global vision of water management with local implementation), which seeks the well-being of the municipalities in which it operates, cares for citizens and contributes to the achievement of the SDGs. Innovation, digitalisation, sustainability, transparency... are some of the most common terms used in the communication actions developed by the company.

Throughout 2022, 952 press releases and media briefings were sent out and 174 meetings were held with all types of media.

The actions that ensure sustainability have led Aqualia to obtain this year a **syndicated green corporate loan of 1,100 million euros in which** ten banks participated, led by CaixaBank. This is the

largest green syndicated loan in the year 2022, and the loan will be used by Aqualia to finance green projects. To communicate the obtaining of this loan, a news item was published on [aqualia.com](https://www.aqualia.com)'s website and a press release was launched, which was disseminated by many important media, such as *Expansión*, *Cinco Días*, *La Vanguardia* and *Europa Press*, at a national level, and *Reuters*, *World Today News*, *Blue Tech Research* and *IFR (International Financing Review)*, at an international level.

Once again this year, one of the milestones in terms of communication was the presentation of the **6th Aqualia Journalism Awards**, held on 5 June, as part of World Environment Day, at the headquarters of the Madrid Press Association (APM). In this competition, journalists from Spain and Colombia participated with works that reflect the importance of the management of the integral water cycle and raise awareness of water as a valuable and scarce resource. In this sixth edition, a total of 49 journalistic works were submitted, and throughout all the editions of the awards, 279 candidatures have been presented. The winner of the sixth edition was the journalist Raquel Montenegro, author of an article in the *Europa Sur* newspaper on the transformation of the coastline of Algeciras. The first runner-up prize went to the Colombian journalist Vanesa de la Cruz with an article published in *El Colombiano*. The second runner-up was Eva González, with an article for *El Confidencial*.

In the international sphere, various important events were announced throughout the year, such as the **acquisition of the company Georgia Global Utilities (GGU)**, owner and operator of the integral water cycle infrastructures in Tbilisi, capital of Georgia, and in the cities of Miskheta and Rustavi, a service that reaches 1.4 million inhabitants served. As this was an important international news item, Aqualia prepared and distributed press releases in Spanish and English, obtaining extensive coverage in agencies (*Europa Press*) and in all types of media, both economic (*Expansión*, *Cinco Días* and *El Economista*), general (*El Confidencial*, *El Periódico de España*) and specialised (*iAgua* or *Smart Water Magazine*, *Water World Magazine*), both national and international. Internally, all employees were informed by means of an *information flash*.

Another important communication was prepared on the occasion of the **South Cluster water services contract (Saudi Arabia)**. The consortium led by Aqualia, together with Acciona and the Saudi companies Tawzea and HAACO, was awarded the contract for the management, operation and maintenance of the integrated water cycle in the so-called *South Cluster*, four regions of southern Saudi Arabia (Assir, Jazan, Baha and Najran). Aqualia managed the dissemination of communication together with the Acciona team, launching press releases both at the time of the award and at the start of the contract, which had a great impact on the media specialising in the water sector at a national and international level (*iAgua*, *Smart Water Magazine*, *Global Water Intelligence*, *The Water Network*, *Water & Wastewater Asia*), as well as in the media (*iAgua*, *Smart Water Magazine*, *Global Water Intelligence*, *The Water Network*, *Water & Wastewater Asia*), as well as in national economic media (*Expansión*, *El Economista*), general media (*Europa Press*, *El Periódico*), some local newspapers and in international Saudi media (such as *Trade Arabia* or *Arab News*).

Subsequently, in October, the Saudi state-owned *National Water Company* announced that another Spanish-Saudi consortium led by Aqualia had been chosen to manage, operate and maintain the integrated water cycle in the **North Cluster**, which includes the Saudi regions of Qassim, Hail, Al-Jouf and Northern Border, in the north of the kingdom. The company also widely reported this fact that has placed Aqualia in charge of the water management of two of the six clusters, for a total of 8 million Saudis.

At the beginning of the year, Aqualia **collaborated with the documentary series *Beneath the Surface: the journey of water***, which compiles the most promising projects in the global water sector. The documentary, produced by *the International Water Association (IWA)* and *BBC StoryWorks*, counted on Aqualia's participation in one of its chapters, in which the company presented the MIDES innovation project, developed in Guía de Isora (Tenerife) and Denia (Alicante). The report showed how Aqualia's technology facilitates access to drinking water through advanced, low-cost, low-energy desalination processes.

The announcement of the **acquisition of the Saur concessions in Colombia**, through which Aqualia became the owner of 100% of the assets of the company Saur Colombia SAS, six concession companies responsible for the production and distribution of drinking water and sewerage in eleven municipalities on the northern Colombian coast, also had repercussions in the general, economic and water sector media.

The completion of the **El Salitre WWTP** in the Colombian capital and its reception by the operator Acueducto y Alcantarillado de Bogotá was a subject that generated a great deal of interest in the Colombian media. Aqualia, as a member of the consortium developing the project, launched a Communication Plan to publicise the degree of progress of the WWTP. The actions included the re-release of a video of the plant, as well as daily monitoring of the media situation and the implementation of different communication actions to address the crisis situation.

For the **start-up of services in Ruitoque**, which includes the municipalities of Bucaramanga, Floridablanca, Piedecuesta and Girón, and **Flandes**, in Tolima, a Communication Plan was designed and implemented, which included actions to present the company to the different local stakeholders, as well as a service start-up plan. In the municipality of **Villa del Rosario**, a specific plan was implemented to alleviate the crisis situation in the locality due to the lack of a stable service.

9.1.2. Communication training

Within the Aqualia Training catalogue in 2022, the course "**Training for Aqualia Spokespersons: Developing Influence and Persuasion**" has been included. **Three sessions of the course were held:** in Seville, on 4 and 5 October; in Barcelona, on 18 and 19 October; and in Madrid, on 25 and 26 October. **A total of 45 professionals from the company took part in the training, including branch managers, heads of management units, heads of services and managers of large contracts in the three areas of Spain.** Although the course was given by a specialised external consultant, the Communication and

CSR department was responsible for coordinating both the content and the general development of the sessions.

This action was developed with the aim of training executives and middle managers to transmit messages to the company's different target audiences, focusing on the most appropriate skills, techniques and channels for each message. The course, through the surveys carried out after each of the three sessions, received a high rating (3.83, 3.45 and 3.69 points of overall satisfaction out of a possible 4 in each of the sessions) from the attendees, so that in 2023, with the necessary adjustments, it will be held again with the aim of continuing to train the managers who were unable to participate in the 2022 edition and to extend it to those responsible for Aqualia's main contracts.

9.1.3. ESG awareness-raising

In recent years, Aqualia has reinforced ESG aspects through numerous awareness-raising actions, both internal and external.

The most important actions carried out during 2022 have been:

9.1.3.1. Environmental Awareness Raising

One of the major communication actions that kicked off the year and which is still in force is the **launch of the Sosteniblómetro**. This is the first sustainable behaviour and habits meter for citizens. Through an online test, available on the website sosteniblometro.com, citizens can measure how sustainable their daily actions are. With this initiative, Aqualia brings sustainability closer to the entire population, so that they can assess whether their habits are in line with sustainable attitudes and how they can correct them. This action has continued throughout the year, generating content for the media and allowing the company to position itself as a benchmark in sustainability.

To encourage the use of the Sosteniblómetro, promotional actions have been carried out on social networks (see point 9.1.3. Digital communication and social networks) and, at a local level, at various events in which Aqualia has participated, using a QR code to access the test. This was done, among other occasions, at the company's stand at the Mancomunidad del Campo de Gibraltar at FITUR, at the international Canagua and Energy Fair (Las Palmas de Gran Canaria) or at the AEAS Water Congress, held between 28 and 30 September in Cordoba.

Aqualia analyses the information extracted from the tests carried out in the Sosteniblómetro. On the occasion of World Environment Day, which is celebrated every 5 June, the company reported the first results of the **1st Sustainable Behaviour Barometer**. According to this report, the most widespread sustainable habits among the population are only flushing toilet paper down the toilet and showering instead of bathing. The **2nd Sustainable Behaviour Barometer** was launched in December, after analysing almost 9,000 tests carried out throughout the year. The novelty of this [second wave of the study](#) is that it includes a city-by-city study that analyses the participation and results of each city.

For yet another year, Aqualia launched a new edition of the **Children's Digital Drawing Competition** on the *microsite* www.aqualyods6.com, in which the two main characters, Aqual and ODS 6, encourage children to join an Aqua-Olympic challenge and promote the sustainable use of water. On this portal, children in 3rd and 4th grade of primary school have the opportunity to learn about the SDGs as well as complete their drawing on an online canvas. The call for entries is being launched in Spain, Portugal and in the thirteen municipalities that Aqualia manages in the departments of Córdoba and Norte de Santander (Colombia).

After two decades of existence, more than 250,000 students from different generations have already participated in this initiative. **In 2022, the competition counted 8,200 entries and provided 4,500 hours of digital training.** With this initiative, Aqualia aligns itself with and supports academic institutions and public administrations, while at the same time moving closer to SDG 4: "Quality Education".

On **World Water Day** (22 March), dedicated on this occasion to the importance of preserving groundwater, Aqualia reinforced the message about its important work in the development of technologies that optimise the performance of water distribution and the recovery of aquifers, highlighting the important role that the digitalisation of the processes and services linked to the water cycle has in facing the different challenges that arise. The **Communication and CSR department prepared and coordinated content published in 54 media outlets**, as well as advertising inserts in 58 print and digital media. In addition, coinciding with this important day for the sector, Aqualia launched its new official Instagram profile, [@aqualia_oficial](https://www.instagram.com/aqualia_oficial).

On the occasion of **World Sanitation Day**, which is commemorated on 19 November, Aqualia focused on "making the invisible resource visible", pointing out the harmful effects of the sanitation crisis on groundwater, a problem that particularly affects the poorest and most marginalised communities. To this end, he issued the press release "The sanitation crisis, which kills 800 children every day, must be solved urgently". Through actuaconaqualia.com, the challenge of protecting the sanitation systems was recalled and an appeal was made to citizens to make good use of the toilet and not use it as a wastepaper basket, due to the high environmental and economic cost it entails. Once again, Aqualia is aligned with the fulfilment of the Sustainable Development Goals and specifically with SDG 6 "Clean water and sanitation".

Another of the initiatives that Aqualia carried out at a local level were the **campaigns for responsible water use**, promoted in October due to the pressing drought that particularly affected the south of Spain. Several local councils asked Aqualia to carry out actions to raise awareness of the correct use of water for the public, so the councils were provided with different adaptations of the corporate campaign for the responsible use of water, including its logo on banners, posts for networks, posters, *emailings* and leaflets. Some of these campaigns have been developed in Jaén, Barbate (Cádiz), Tarifa (Cádiz), Alcalá de Henares (Madrid), Berja (Almería), various municipalities in the Canary Islands, Miajadas (Cáceres), Ronda (Málaga), Arcos de la Frontera (Cádiz), Rota (Cádiz), Torrox (Málaga), Vigo (Pontevedra), among others.

A desalinated water promotion campaign was launched in the Canary Islands. In March, at the request of the City Council, a series of videos were produced to promote the consumption of desalinated water in Guía de Isora (Tenerife). The audiovisual pieces, which presented different advantages that this water brings to the daily lives of citizens, were disseminated through Aqualia's social networks. In the same month, on the occasion of the Tenerife Puntablanca Young Series surfing championship, sponsored by Entemanser, Aqualia's subsidiary in the Canary Islands, a desalinated water dispenser was installed. With this action, which facilitated the filling of water bottles for those attending, the aim was to highlight the quality, sustainability and price of desalinated water.

Special mention should be made of Aqualia's renewed commitment to and collaboration with the **Alliance for Water Management in Ibiza and Formentera**. As an active part of the Alliance, Aqualia took charge of the production and dissemination of the material for the "Vive la isla, cuida el agua" campaign, created by the company in 2016 and which has been repeated every summer.

On the occasion of the seventh anniversary of the Sustainable Development Goals, in September, as usual, Aqualia launched the **#InnovaDOS campaign**. For this occasion, a [website](#) was set up with complete information on the seven projects, and the campaign was followed on social networks with the *hashtag* #InnovaDOS. Internal communication actions were also carried out to raise awareness of sustainability among our professionals.

At different times of the year, and in order of opportunity, other campaigns were activated, such as the **World Environment Day** campaign. Under the slogan "Show your superpowers, take care of the planet", Aqualia made its entire workforce aware of the importance of being sustainable, by sending a corporate *email* and launching a *challenge (a viral challenge that is proposed and disseminated through social networks)* on its Instagram account. Other campaigns with a clear sustainability tinge were those for World Water Day and World Sanitation Day, mentioned above.

Aqualia's business model incorporates, in itself, **the concept of circular economy** by providing water collection, treatment, storage, distribution, sanitation and purification services, including the reuse and return of water, once purified, to its natural cycle. All this has been reflected in numerous actions implemented in 2022. Some examples are: the **inauguration ceremony of the Agramón WWTP (Hellín, Albacete)**, which was attended by the president of the Regional Government of Castilla-La Mancha, Emiliano García-Page, and other authorities.

On the other hand, the [closing ceremony of the Rewatergy project](#) took place in Jerez, an innovation project whose objective is to reduce the need for energy in the water treatment and reuse process, to promote the recovery of energy from wastewater, and to develop innovative disinfection processes for more sustainable drinking water treatment plants. Aqualia is one of the three companies participating in the project together with three universities. The closing ceremony was widely covered by the media.

Another local landmark was the **visit of the mayor of Chipiona (Cádiz) to the pilot system of retractable solar panels at the WWTP** in July. During the visit to the wastewater treatment plant's

facilities, the latest actions carried out to improve the plant's energy efficiency were presented: a portable system of retractable solar panels, which increase the energy self-sufficiency of the infrastructure by 10%. The pilot project deployed 200 photovoltaic panels that produce 400 kW per day and record accurate information in real time. This technology will be tested over the next few months and its suitability will be assessed, as there is room to install more panels and increase the plant's energy self-sufficiency to 70%.

Another **institutional presentation** was that of the **Zeppelin project in Algeciras (Cadiz)**. Aqualia has a 49% stake in Emalgesa, the mixed management company of the Municipal Water Service of Algeciras (Cadiz), and leads the research consortium. The aim of this project is to test new green hydrogen production and storage technologies based on the circular economy.

9.1.3.2. Social Awareness Raising

During 2022 Aqualia has been involved in the celebration of those World Days that represent its alignment with the SDGs and the 2030 Agenda. This is the case of **International Women's Day** (8 March), on which, under the slogan "With them, for a more sustainable future", a series of communication pieces were launched aimed at promoting equality among the members of the workforce through collective participation. Other initiatives developed for the day included the launch of the website www.aqualiaigualdad.com, and the preparation of the report "#Empleoparatodas: women at risk of social exclusion in the world of work" in collaboration with the Adecco Foundation. In addition, this year the human resources platform Equipos&Talento recognised Aqualia's commitment to female talent and diversity by awarding it the *Empowering Womens Talent* seal.

Similarly, the **social funds of Arcos de la Frontera and Chipiona (Cádiz) were renewed** for the payment of water, sewerage and wastewater treatment bills for people with economic difficulties.

On the occasion of the **World Day Against Gender Violence**, celebrated on 25 November, Aqualia launched a new initiative on the aqualiacontigo.com website, this time under the slogan "Hugs that move worlds". The campaign encouraged all its audiences, both internal and external, to participate by uploading photos or videos of their hugs to the website and sharing the gesture on social networks with the hashtag #aqualiaContigo. Each hug added to the campaign became economic support to finance one of the Adecco Foundation's projects aimed at employment or training camps for women victims of gender-based violence. In addition, Aqualia once again collaborated in the preparation of the "Gender Violence and Employment" report, which seeks to position employment as a key element for the comprehensive recovery of women who suffer from this scourge.

Aqualia develops and participates in initiatives to raise awareness of equality and diversity through various initiatives. The Communication and CSR department has collaborated in the dissemination of these initiatives.

Félix Parra, CEO of the company, spoke at the **Diversity and Inclusion Day**, organised on 2 June by the Human Resources platform Equipos&Talento. The event addressed the importance of supporting

Diversity and Inclusion from general management, implementing it as a strategic value and competitive advantage in companies. Félix Parra, CEO of Aqualia, participated in the *CEO Voices* round table with other executive directors, debating the inclusion of diversity in corporate strategy. At the end of the day, Aqualia received the **Diversity Leading Company** Seal, becoming the first company in the water sector to obtain it, and the *Empowering Women's Talent* Seal, for the company's commitment to female talent. Both the event and the awards were covered by the department.

At the end of the year, the company signed an agreement with FELGTBI+ (Federación Estatal de Lesbianas, Gais, Trans, Bisexuales, Intersexuales y más) under which it adhered to the **"Companies for Diversity" (EMIDIS) programme**, a tool that the Federation makes available to companies to guide them in the management of affective-sexual, family and gender diversity in their workplaces. The department disseminated this information both internally and externally.

Finally, in collaboration with FCC's Communication department, the communication on the global equality and diversity platform *You_diversity* was disseminated.

9.1.3.2. Governance Awareness Raising

At the corporate level, Aqualia continues to focus on continuous improvement without losing sight of the principles of transparency. The company acts to achieve its sustainable business objectives and establishes mechanisms to hold itself accountable for the impact that its decisions have on sustainability. Aqualia reports on its decisions and activities through reports, giving sustainability information as much weight as financial information. This results in documents such as the **Sustainability Report**, which is published annually.

On the other hand, as a basis for establishing the axes and commitments of the Strategic Sustainability Plan, Aqualia uses its **Strategic Materiality Study**, an active listening process to ask the company's stakeholders, gather their opinions and develop the best way to communicate with them.

People management and ethics and compliance are two of the points of the 2021-2023 Strategic Sustainability Plan. In terms of people management, Aqualia seeks to continue contributing to the objectives of health and wellbeing, equality and diversity, and decent and healthy employment.

Through ethics and regulatory compliance, Aqualia tries to transfer its culture of ethical values to the entire company and its supply chain. To promote employee awareness of these aspects, Aqualia has continued to disseminate **Compliance Tips**, an internal tool that involves the periodic sending of small information pills to all Aqualia's staff via *email* and the Be Aqualia *app* (for *deskless* positions). The main *Compliance* policies were explained in these mailings, such as *due diligence* processes, prevention and eradication of harassment, anti-corruption policy, conflict management, among other messages.

9.1.4. Digital communication and social networks

In 2022, **Aqualia's website** exceeded one million visits, with a total of 1,025,674. A total of 676,660 users visited the website during 2022, resulting in a low bounce rate (percentage of users who leave the site after viewing a single page): 31.32%. On the other hand, some modifications have been made to aqualia.com, such as the reformulation of the *sitemap* of the corporate website and updating of the content at the beginning of the year. The Corporate Social Responsibility section was also reformulated. On the other hand, new sections have been created, such as a new space to house all the elements related to the 2021 Sustainability Report. Subsequently, this space was also adapted to Portuguese and French. In addition, a new section was created on the website with all the information relating to the seventh anniversary of the SDGs.

The company's online presence will be affected by the transposition in Spain of Directive 2020/2084, which includes a rethinking of the **"Citizen Information" portals**. The regulation, approved in December 2020 by the European Parliament, affects the quality of water intended for human consumption, whose new requirements include guaranteeing the availability of adequate and updated information on the management and availability of the supply for human consumption. In the last six months of the year, progress has been made on a plan to migrate the current local web portals of the services managed by Aqualia to a new portal format that complies with the new regulations. These web portals will be accessible both from aqualia.com and from the websites of the Spanish city councils in which the company is responsible for water supply.

As part of Aqualia's commitment to education and in its ongoing quest to meet the Sustainable Development Goals, Aqualia has continued to promote the aqualiaeduca.com website this year. The portal is a free educational space where children and adults can learn about the water cycle and the importance of its proper management. The website offers access to resources to learn how to use water responsibly: videos, comics, pastimes and educational leaflets. In 2022, the website was visited by 6,117 users.

Aqualia's **social networks** have maintained their growth in 2022 compared to the previous year, both in terms of the number of followers obtained and the publications made. On Twitter, the company has gained more than 500 new followers, up to 7,077. YouTube has already surpassed 2 million views, with an increase of 175,104 in 2022. On LinkedIn, the company's followers have increased by more than 45%, from 25,833 last year to 37,854 this year. In March 2022, Aqualia's Instagram profile was launched, where, at the end of the year, it already had more than 1,000 followers. For the presentation of this latest profile, the **Manual of Use and Participation of Employees in RRSS**, published and promoted internally last year and which is still in force as a guide for all Aqualia's professionals to know how to use their social networks correctly, was used again. The company's leadership in the field of social networks within the sector was reflected in the presentation "The manual for the use and participation of employees in social networks", which members of the Communication and CSR department presented at the 36th AEAS Conference held from 28 to 30 September in Cordoba.

The company's social networks have played an important role in supporting and disseminating the company's **communication campaigns**. One of the most significant cases was the [campaign against gender violence](#), which was disseminated through social networks, with small promotional videos. The

messages on social networks were used to interact with users, increase the number of followers and generate traffic to the corporate website.

Another major campaign that has been activated throughout the year on social networks has been the promotion of the Sosteniblómetro. As it is a new and interactive tool, social networks have been an ideal environment for publicising and promoting its use. Videos of how it works have been posted on YouTube, and short videos have been made to promote it in different publications on different networks - Twitter, Instagram, LinkedIn -. In addition, a *challenge* was launched on Instagram to encourage its use on the occasion of World Environment Day. Other Aqualia campaigns with repercussions on social networks include the videos for the launch of the Occupational Health and Safety Awards campaign, the campaign for Women's Day, the awareness campaign for International Earth Day and the video for World Water Day.

9.1.5. Internal communication

Internal communication continues to become more important in the company's day-to-day work, due to the need to inform the entire Aqualia workforce using the different channels available. As a novelty, during 2022, work has been done to adapt the messages to the different types of "target audiences" within the company, which are basically divided between office workers and those who do not have a corporate or *deskless* email account.

During 2022, a total of 334 internal communications were sent in various formats (news *flashes*, *emailings* and internal notes), some of them in multi-language format. In addition, as an internal communication milestone, in November "Aqualia Global News" was launched, a fortnightly *newsletter* for the entire company with fixed sections that includes between 8 and 10 news items of interest to the entire company in each issue in Spanish and English.

During the course of the year, work continued in coordination with the People and Culture department for the development of the **Employee Assistance Programme (PAE)**, launched in December 2019. Within this framework, communication pieces have been developed to promote the use of Psicomet, a free psychological care service that Aqualia makes available to all employees in Spain. In addition, different psycho-educational campaigns have been developed dedicated to healthy habits, such as the campaigns "Disconnect to connect", "Improving productivity", and other initiatives dedicated to assertiveness and breaking down barriers to increase communication between work teams, among others. In collaboration with the Health and Wellbeing department, psycho-educational actions have been developed, such as "Self-management of time". All of them have been supported with various materials, such as *webinars*, videos and guides, and have been sent to professionals via *email* and notifications on the Be Aqualia mobile app.

It should be noted that in 2022 the process of the **First I4U Innovation Awards**, an initiative that was launched in 2021 to promote the development of internal talent and an innovative culture in the organisation, has been completed. The winners of this first competition were announced in February and the awards ceremony was held on 3 March 2022 at Aqualia's corporate headquarters in Las

Tablas, Madrid, and broadcast via *streaming* for all professionals through the Microsoft Teams platform. Patricio Hermosilla, Plant Manager at the WWTP in Medina del Campo (Valladolid), was the winner of this first edition. The second prize went to Jordi Palatsi, plant manager at the Lleida WWTP, and Aqualia's colleagues voted for Andrés Sanabria, Aqualia's foreman in Puerto de la Cruz (Tenerife). In the days following the event, a video of the best moments of the event was broadcast, with the winners' statements.

Furthermore, in June, in coordination with the People and Culture team, the **International People and Culture Conference** was held. These sessions, held in Madrid, brought together around 40 members of this department. The commitment to strengthen internal communication, both formal and informal, continued with the holding of the **First International Customer Management Conference**, where representatives of this department in Central Services and in the various countries where the company is present presented their success stories and shared their problems. The Communication and CSR department provided support for the graphic image of the event, various materials, the simultaneous translation service and the organisation of the visit to the Ávila service.

In April, on the occasion of **Safety Week, the Health and Safety Week**, various actions were organised in coordination with the Health and Welfare department. The communication of the different activities was segmented, so that the teams received information on the activities carried out in their immediate geographical areas. One of the initiatives developed was the Active Pause, a daily sending of videos with exercises to promote health and well-being at work, segmented according to whether they were aimed at office employees or *deskless workers*. On the occasion of *Safety Week*, the company presented Aqualia's new safety clothing and launched *United Heroes*, a pilot programme to promote sport among employees.

9.1.6. Events

Aqualia participated in 2022 in various forums, events and congresses in the sector or related to innovation or sustainability. This was the case of the **Quality Water Summit**, an event organised by the iAgua portal and held from 25 to 29 April to analyse the main current issues in the sector and the latest trends in technologies, products, engineering, management, operation, analytics and innovation. Aqualia was one of the main players and took part in different parts of the event: a session on green hydrogen, a presentation on the digitalisation of water and a dialogue on the future of water management.

Another important event of the year was the participation in the **Global Water Summit**, an event held in Madrid from 16 to 18 May, which analysed the key challenges facing the water industry today. Aqualia participated as a *Global Partner*, with a prominent presence throughout the event, as it also took part in various workshops, technology sessions and forums. The first *workshop* in which Aqualia took part addressed the keys to awarding water services with a *win-win procurement* philosophy, which referred to the need to eliminate the tensions arising from extreme competitiveness and the need for both contractors and the administration to benefit from public-private agreements. The company was present at other sessions, such as the *Water Tech Idol*, a kind of talent contest in which five cutting-edge technologies were presented and in which the company presented the Mides project, which won second prize.

Aqualia was also present at the **15th National Congress of Irrigation Communities**, organised by FENACORE (National Federation of Irrigation Communities of Spain), in which it participated as the main sponsor of the Congress. The event was held at the Palacio de Congresos de León, from 30 May to 3 June, and brought together more than 900 attendees around the concept of digitalisation (Irrigation 2.0), aimed at sustainability. Aqualia had a stand and an exhibition area to showcase its technological and irrigation management solutions and digital tools, as well as giving a presentation on "Technological innovation in the management of irrigation community facilities".

The company also participated in local external events such as the **XXXVI AEAS Congress**, held in Cordoba from 28 to 30 September. The technical programme focused on environmental, economic and social sustainability, with special emphasis on water, energy and digital transformation in urban water cycle processes. The company collaborated in sponsoring the event and also had a presence in the technical programme.

The **IWA YWP Spain 2022 Congress**, organised from 16 to 19 November by the *Spanish Chapter of Young Water Professionals*, together with AEAS, IWA and the main companies in the water sector in Spain, was also attended by Aqualia. The meeting provided an overview of the sector and shared trends in innovation. Thanks to its extensive participation, Aqualia reiterated its commitment to promoting young talent in the water management sector, given that the future of these essential services depends on the innovative vision of these professionals.

Also in November, on the occasion of the **25th anniversary of the continued provision of the supply and sanitation service in Salamanca**, Aqualia held an event in the Salamanca capital to celebrate the anniversary. The event, which was attended by the President of the Regional Government of Castilla y León, Alfonso Fernández Mañueco; the Mayor of the city, Carlos García Carbayo; and the company's Spanish Director, Santiago Lafuente, was a tribute to the 25 members of the company's team who have remained active since the start of the concession.

From 29 November to 2 December, Aqualia participated prominently in the first edition of the **IWA Digital Water Summit**, held in Bilbao. This meeting brought together more than 400 international experts involved in the digitisation of the water sector. Water technology providers and water companies were the main participants, an occasion that Aqualia took advantage of, offering its focus on *Aqualia Live*, the intelligent system that unifies the entire management of the integral water cycle around a single platform. The company showed its readiness to meet the summit's objectives: to achieve greater efficiency and a better service to citizens through digitalisation.

Other meetings in which the company also participated were the Sustainability Forum in Santa Cruz de Tenerife (19 April), the ABC Forum "Water management in the era of scarcity", organised on 20 April in Seville; and the 1st Conference on Local Urban Agendas 2020, which took place in Algeciras from 7 to 9 September, to pool the urban agendas of local councils throughout Spain and which sought to advance the sustainable development of cities.

International

Aqualia has also participated in various **international** events on collaborative innovation and sustainability. One of these was the **Water Business Forum** congress, which was held at the Dubai Expo on the occasion of World Water Day, on 22 March. The company worked with ICEX and the commercial office of the Spanish Embassy in the United Arab Emirates to organise the intervention at the event, which was attended by senior water management representatives from numerous countries and executives from leading private companies in the global market. In addition, the company was present at the congress's Spanish-Emirati business forum in the panel *Present business opportunities and references to Spanish projects in the UAE. Water, infrastructure and Sustainability*, a session that was introduced by Pedro Sánchez, President of the Spanish Government. Taking advantage of the occasion, a business meeting was held between Aqualia's delegates in MENA and the main clients in the region, such as Majis Industrial Services (Oman) and Abu Dhabi Sewerage Services Company (UAE).

Also in March, Aqualia also took part in the **Saudi Water Forum 2022 event**, held in Riyadh (Saudi Arabia). This event, the most important in the water sector in Saudi Arabia, brought together the main public bodies and private companies operating in the country. Aqualia was present at the event with a stand and participation in the *Operational Excellence and Smart Grids* panel. The company also presented the details of the *South Cluster* in the exhibition area.

In September, Aqualia participated as a special sponsor in the **ANDESCO Sector Congress**, the most important meeting of Public Services and Communications in Colombia. In addition to its sponsorship, the company had its own stand where it presented the way in which it manages its services in the country. José Ramón Díez-Caballero, Aqualia's Country Manager in Colombia, gave a presentation for all the attendees.

Aqualia was a **sponsor of the biennial congress of the International Desalination Association (IDA)**, which was held from 9 to 13 October in Sydney, Australia. The company played an important role, contributing to the technical committee, coordinating technical sessions, giving four oral presentations and creating, in association with the IDA, the Innovation Forum, a meeting place for agents involved in the promotion of new actions in the sector. Víctor Monsalvo, head of Eco-efficiency in Aqualia's R&D department, was awarded the prize for the best technical paper on innovation (Technical paper R&D) at the congress for his presentation of the Sea4Value Project.

In France, Aqualia took part in the **Salon des Maires et des Collectivités Locales** event, held in Paris from 22 to 24 November. The event, which this year celebrated its 20th edition and is supported by the AMF (French association of mayors), is the most important event in the management of municipal services in France. Its main objective is to offer alternatives to future challenges, such as urban development, energy, sustainability, efficient management of the water cycle and ecological transition.

To close the year Aqualia took part in the **XXXIV Annual Convention and Expo ANEAS** in the city of Irapuato, Mexico, from 5 to 9 December. The event, one of the most important in Latin America, brings together national and international experts, academics, legislators, businessmen, as well as specialists related to the water sector, particularly those in the drinking water and sanitation subsector. Aqualia's name not only appeared as a sponsor of the event, but was also present in the commercial area with its own stand and *merchandising*, and in the technical agenda and parallel events.

9.1.7. Prizes and awards

Aqualia was recognised at the **Global Water Awards 2022**, which are awarded by the British communications platform *Global Water Intelligence* and are known as the "Oscars of water". On this occasion, Aqualia received triple recognition for its contribution to sustainable developments. One of these was the *Distinction Award* (equivalent to second place) in the "Best Water Company of the Year" category; another, its inclusion among the four finalists in the *Net Zero Carbon Champion* category, a recognition that endorses Aqualia's global strategy in favour of decarbonisation; and lastly, the *Distinction Water Tech Idol*, awarded to Víctor Monsalvo for his presentation of the Mides project.

Another of the awards that Aqualia received this year were the **iAgua 2022 Awards**. The company was recognised as "Best Company of the Year", an award it has received for the third consecutive year and for the fifth time (it was awarded in 2015, 2017, 2019, 2020 and 2021). Juan Pablo Merino, Aqualia's Global Director of Communication and CSR, collected the award. The eighth edition of the

iAqua Awards also introduced the "Equality, Diversity and Inclusion Award", an award that also went to Aqualia.

In addition to the above, the Spanish Climate Change Office (OECC) recognised **Aqualia's Carbon Footprint Register** for yet another year, highlighting the company's commitment to the fight against climate change. The Ministry for Ecological Transition and the Demographic Challenge has also awarded Aqualia the "**Reduzco Seal**".

In the same way, the International Water Association (IWA) recognised **Aqualia's innovative contribution to Climate and Sustainability**. Within the framework of its world congress, the *IWA World Water Congress and Exhibition*, held in September in Copenhagen, recognised Aqualia as one of the leading companies in sustainable water management (*Climate Smart Utility*). This award recognises the contribution of companies linked to the integral water cycle that carry out differential actions for the climate in three pillars: adaptation, mitigation and leadership.

At the local level, Aqualia was recognised as the **Best Advertising Campaign in Galician** at the Premios Publicidad en el Gallego (Advertising in Galician Awards). The Xunta de Galicia and the regional Parliament recognised Aqualia's campaign *A auga de Vigo é de alta calidade*, at the same time as the second phase of this image campaign was launched.

9.2. Sustainability

9.2.1. Sustainability Strategy. Sustainability in Aqualia. PESA

In the current context, both **supply and sanitation are critical services**. The correct management of the integral water cycle conditions many of the global goals that society faces: environmental goals, such as adaptation to climate change, protection of biodiversity or access to renewable energies; social goals, such as accessibility to water for vulnerable people and families and social awareness regarding the care and quality of water; as well as economic development, since optimising the management of the water cycle, its quality and availability makes it possible to improve the development and quality of life of millions of people.

Furthermore, it is the Decade of Action and, although Aqualia's sights are set on 2030, the uncertainty installed has turned the short term into the only time period that allows us to set achievable and real objectives that contribute to creating value.

The current Strategic Sustainability Plan (PESA) 2021-2023 serves as the perfect timeframe under which Aqualia works on ESG issues.

During these years, the company has implemented the strategic lines established, based on the adaptation and mitigation of climate change, culture and people's well-being, ethics and social impact,

the promotion of technology for integrated management, digitalisation and communication with all stakeholders. Aqualia's culture and values mark the way it does business and are present in all its commercial relations.

During 2022, specifically in the second half of the year, the PESA was revised, updating indicators and modifying some projects. In doing so, Aqualia has demonstrated that it has sufficient flexibility to adapt to major challenges. The company has defined a course to follow and assumes an unavoidable commitment to the digital transition and towards sustainability in order to live up to what the citizens of the 21st century expect from a company like this.

For yet another year, and successfully audited by AENOR, Aqualia has demonstrated, as manager of the integral urban water cycle, its high commitment to environmental sustainability and its contribution to the United Nations Sustainable Development Goals. This is reflected in the PESA and in the pillars on which its business is based.

Also the Communication on Progress (COP) to the Global Compact (GC) website has reached the GC Advanced level. Through the GC Advanced level, the Global Compact Office recognises companies that strive to be best reporters and declare that they have adopted and report on a wide range of best practices in sustainability governance and management.

Aqualia promotes and integrates the Ten Principles of the United Nations Global Compact and the Sustainable Development Goals (SDGs) into its corporate culture. Thus, the PESA focuses on achieving the goals established by the 2030 Agenda, with a vocation for cross-cutting action, related to the degree to which these goals are linked to the company's activity. Aqualia's Management System Policy establishes, among its principles of action, the achievement of the Sustainable Development Goals.

9.2.2. #Actúa Sustainability Report

In the summer, Aqualia published the #Actúa Sustainability Report, which consolidates its commitment to sustainability and exemplifies how the company addresses ethical standards and current and future social and environmental challenges in its Strategic Sustainability Plan 21-23, a roadmap to be followed.

The Sustainability Report is the culmination of a three-year cycle that began with the 2019 Sustainability Report #Listen, reflecting the process of active listening to Aqualia's stakeholders. The following year continued with the 2020 Sustainability Report #Conversa, with which a materiality study was developed that led to the PESA. The trilogy was completed with the document entitled #Actua. This cycle symbolises Aqualia's listening and conversation with its stakeholders to respond to the SDGs, taking on the challenges of the 2030 Agenda.

This past year, the global listening process has been used with all stakeholders in Europe, LATAM and the United States. And the 2021 Sustainability Report highlights its performance in each of the 7 lines

of the Strategic Sustainability Plan, which have led to the achievement of three major milestones in 2021: internationalisation, digitalisation and sustainability.

The report was presented internally by the Communication and CSR department through the sending of an *email* and a new section published on the website: aqualia.com/sustainability-report-2021.

Different pieces were produced both internally and externally: in physical format, the complete booklet and the executive summary to distribute among municipalities, with a QR code incorporated; in *online* format, in addition to the launch *email*, elements such as a video, banners for the website, gifs for Twitter... A space was opened on the corporate website, with banners directed to the different chapters, and direct and highlighted access to the interview with Félix Parra, CEO of the company. In addition, this year two spaces dedicated to the sustainability report were opened on the website in Portuguese and French.

The report was distributed and announced through some of Aqualia's digital channels. A month before, a pre-launch campaign was carried out on Twitter. In July, the report was presented to the Management Committee, the complete book was delivered and banners announcing the publication were published on the website and in the sector's media, as well as an *email* to all employees and a video. A week later, a press release was distributed to the media, and executive summaries were distributed to all the municipalities where Aqualia operates. In addition, the pieces were also published in English (website, video, *flipbook*, banners...).

The interview with Félix Parra, CEO of Aqualia, opens the report. In it, he remarks that we find ourselves in an era of uncertainty, coming out of a recent pandemic, with a war in Ukraine... To this, in the words of Félix Parra, "*we must add the challenges in terms of sustainability that we face as people and as professionals*". At this time of challenge, he points out: "*Both digitalisation and a sustainable management model allow us to be more efficient, agile and capable of the best responses and solutions to the great present and future challenges, not only as a company but also as a society (...) Aqualia has sufficient flexibility to adapt to the great challenges, it has defined a course to follow and assumes an unavoidable commitment to the digital transition and towards sustainability*".

Aqualia's Sustainability Reports have been published since 2006 and reflect the value of the company's environmental, social and corporate governance factors.

9.2.3. Strategic materiality. Satisfaction surveys. Listening process.

The Strategic Materiality Study, which is carried out every two years and has been updated this 2022, developing a more active listening to all its stakeholders and a more global scope. This study is a listening programme that serves to update Aqualia's stakeholders and the relevance of each one of them, so that it can correctly manage each action and communication channel with each group. The Strategic Materiality Study identifies and analyses aspects such as the state of the national and

international context, sector trends and other relevant points, information that serves to update the issues of interest to the relevant audiences identified. Based on research of secondary sources such as the Green Deal or OECD and UNESCO documents, and interviews and surveys of internal (employees) and external (public administrations, customers, users, suppliers, media, NGOs) stakeholders. Aqualia's global materiality matrix was obtained from this, with the issues of interest segmented according to their scope (social, people, governance and environmental) and importance for the stakeholders and the company. Some of these issues were: climate change and responsible energy consumption, the circular water economy and efficient management of natural resources; safety, occupational health and employee wellbeing; infrastructure and management adapted to the challenges of society, technology that optimises water quality, innovative solutions that respect the environment... Thanks to this mapping, a ranking is established with the importance of each point and the actions aimed at each stakeholder group are prioritised.

In Spain this year, a **Satisfaction Study was** carried out **with the end customer and the institutional customer**. The results obtained from the 3691 surveys carried out with end customers and 19 interviews with institutional customers have revealed, in general terms, a high level of satisfaction among users and local councils in the places where Aqualia operates. In 2022, the level of satisfaction remained the same as in the previous survey, and the percentage of satisfied customers was 80.5%, which represents a slight drop of less than one percentage point compared to 2020.

On the one hand, there is a significant decrease in dissatisfaction with customer service from 37% in 2020 to 19% in 2022. Dissatisfaction with billing problems also decreased from 12% in 2020 to 7% in 2022.

In terms of institutional customers, satisfaction with the service offered by the company received a rating of 4.05 on a scale of 1 to 5, which represents a very slight downward variation compared to 2020 (4.12). The study shows that more than 9 out of 10 institutional customers are satisfied with the service (94.8% rate it as "excellent", "very good" or "good"). The current edition of the study shows that 79% of those consulted rate the quality of Aqualia's service as "excellent" or "very good". In 2020 the assessment was very positive, perhaps influenced by the critical circumstances attributable to the pandemic, despite which the service continued to be provided without serious incidents. In 2022, this level of satisfaction was maintained, demonstrating the high level of performance of Aqualia's professionals. Aqualia's commitment to society and the environment is one of the aspects that obtained a slightly higher rating than in 2020, which conveys a positive perception of the efforts that Aqualia is making in these areas.

10. REGULATORY COMPLIANCE

One of the objectives of the Compliance Department for 2022 was to provide a **Compliance Model** for those companies in which Aqualia participates with other large companies. To achieve this, work has been coordinated with the *Compliance* departments of all the companies in the perimeter to define framework agreements containing the model of internal regulations to be applied in these organisations. Likewise, *compliance* models have been developed in several of the joint ventures in which Aqualia participates with local authorities.

The entry of the company Georgian Global Utilities JSC and its subsidiaries into the perimeter of Aqualia's group of companies has led its Board of Directors to approve the Compliance Model and to begin to deploy in these companies the *Compliance* management system already in place in Aqualia for the integration of the Georgian group of companies into this system. As part of this deployment, a *Compliance Officer* has been appointed for Aqualia's activity in the Republic of Georgia, reporting functionally to Aqualia's *Chief Compliance Officer*.

In Colombia, Aqualia has also increased its activity, while the **SAGRILAFT** (prevention of money laundering) and **PTEE** (transparency and ethics) **programmes** have been approved for the Aqualia Intech branch in the country, as well as for the companies Aqualia Villa del Rosario and Aqualia Latinoamérica, all based on Aqualia's *Compliance* Model. Along with this major step in our activity in Colombia, the supplier approval system has also been implemented.

The control and process owners designated within each process have carried out the two self-assessments planned to verify the correct execution of the main controls with an impact on the Compliance Model. In parallel to these self-assessments, the Regulatory Compliance department carried out control monitoring based on a sampling exercise, which enabled some improvements to be implemented and action plans to be proposed to strengthen these controls.

From the third line of defence, the Internal Audit Department carried out a review of the Compliance Model to verify the correct development and progress of the *Compliance* Management System within Aqualia.

10.1 Compliance policies and procedures

In the 2022 financial year, it is worth highlighting the approval by Aqualia's Board of Directors of the Competition Policy of the FCC Group, to which it belongs, which has become part of the Compliance Model, thus following the recommendation given in this respect by the National Markets and Competition Commission in the guide published for this purpose.

The application of the management procedure for M&A processes (mergers and acquisitions) has also been put into practice, which has become particularly important during this period for the development of Aqualia's activity. In the M&A processes, Aqualia's Regulatory Compliance department has also actively participated in the *due diligence* processes of the *compliance* systems of the companies under analysis.

10.2 Training and awareness raising

The consolidation of Campus FCC as a platform for the launch of online training has made it possible to reach jurisdictions such as Saudi Arabia and the United Arab Emirates, where it has been possible to provide training on ethics and anti-corruption to their employees with computer access.

In 2022, a **new training on the Code of Ethics and Conduct** was launched in Spain with a very high completion rate (98%) by the employees who attended. For this new training, a character, Ethmor, was created to lead participants through the company's principles and values to be protected through various defence walls as a novel way to reinforce employees' commitment to the Code of Ethics and Conduct. In addition, employees were required to sign up to the Code of Ethics and Conduct at the end of the course.

The integration of the **Competition Policy** into the Compliance Model involved face-to-face training for key employees directly involved in tendering processes. The rest of the employees were duly informed of the approval of this policy, as well as of its content, which they have access to on the intranet for consultation.

Following the approval of the SAGRILAFT and PTEE Manual in Colombia, training was provided to the members of the Board of Directors of Aqualia Intech, as well as to the *management* of Aqualia's activity in Colombia, on the principles set out in the manual.

In addition, training in ethics and corruption prevention continued in the various jurisdictions for all new employees who joined the company during the year. This training was also provided to those *business partners* who, after being analysed through the *due diligence* process, were found not to have a sufficiently developed *compliance* system, mainly because they are small or medium-sized companies.

As part of raising employee awareness of *Compliance*, *Compliance Tips* have been periodically sent out by *email*, with advice on the main *Compliance* policies, explaining, among other matters, what the role of *Compliance* is, how the procedure and investigation and response to an alert received works, explaining the objective of the new Competition Policy, and stressing acting with integrity in a campaign called #CultivemoslaIntegridad ("Let's Cultivate Integrity"), which is part of a campaign to raise awareness among employees, how the procedure works and how to investigate and respond to an alert received, explaining the objective of the new Competition Policy and stressing acting with integrity in a campaign called #CultivemoslaIntegridad (Let's Grow Integrity), which was accompanied by a pack with seeds for employees to sow and watch them grow.

We also wanted to reach out to *offline* staff for national activities through the dissemination of *Compliance Tips* via the BeAqualia *app*.

10.3 Risk assessment, controls and monitoring

Throughout 2022, the self-assessment of the execution of controls by control and process owners has continued and has been carried out at 100%, making it possible to ascertain the level of execution of these controls, as well as possible improvements to be made based on the information provided by the owners.

In the last self-assessment carried out in November and December, the companies Aqualia Latin America and Aqualia Villa del Rosario in Colombia were incorporated into the anti-corruption control self-assessment process.

The second line of defence monitoring carried out by the *Compliance* department is particularly important for risk assessment, in which the processes identified in Aqualia's activity are analysed by sampling the evidence that demonstrates the implementation of controls. This allows us to know whether the evidence is sufficiently robust to mitigate the initial risks identified and, if they can be improved, to propose effective action plans that allow us to have effective controls, thus working on the continuous improvement of the *Compliance* system.

10.4 Compliance due diligence with third parties

The year 2022 has meant, in terms of due diligence of third parties in terms of *Compliance*, an in-depth analysis of Aqualia's industrial customers in order to ascertain their alignment with the principles and values of our organisation, always respecting, as in the rest of the *due diligence*, the principle of proportionality and basing the analysis on a risk-based approach, always in collaboration with FCC's Intelligence department.

It is worth highlighting the development during this year of the process of approval in the area of *Compliance of business partners* in the activity that Aqualia carries out in Colombia.

At year-end 2022, at corporate level, 82 internal requests were received to analyse third parties that were part of 50 different projects. Of the final assessment reports issued by the Compliance Department, 22% of the third parties were classified as high risk, 47% as medium risk and 31% as low risk. Depending on the risk levels, mitigation measures are applied and, subsequently, the correct implementation of these measures is monitored.

10.5 Ethical Channel (*Whistleblowing line*)

Up to 31 December 2022, a total of 74 alerts have been received in the Ethics Channel on issues related to customer management (49%), labour disputes between employees (14%), harassment (4%), internal fraud (2%) and other issues such as the use and image of the brand. In addition, 16% of the alerts were considered not relevant because they were customer queries, complaints or claims that have to be managed through *aqualia contact* or for other reasons that mean they should not be taken into account as alerts for the purposes of the Ethical Channel.

By country, 66% of the alerts refer to activity in Spain, 19% to activity in the Czech Republic, 7% to activity in Colombia, 6% to activity in Portugal and 2% to both activity in France and activity in Georgia, which shows that the Ethical Channel is increasingly known in the international jurisdictions in which

Aqualia operates.

Those alerts that are classified as high or medium risk are analysed in detail and, if necessary, an investigation is launched to clarify the facts and, if necessary, addressed through an action plan for the improvement of internal control.

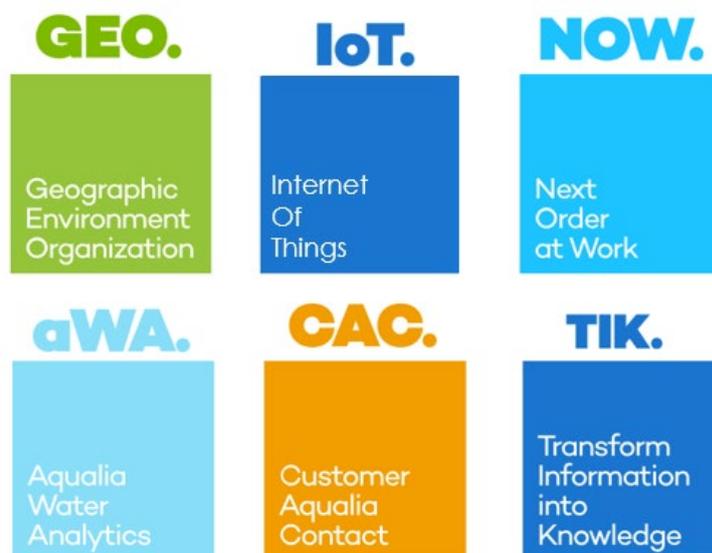
11. DIGITALISATION AND CYBERSECURITY

Aqualia has made a clear and resounding commitment to digitalisation as a key tool for achieving Aqualia's objectives in terms of sustainability, efficiency, service improvement and transparency.

By 2022, investment in digitisation has increased by 216%. Technology is advancing very quickly, providing us with new capabilities and opportunities. The increase in this investment allows us to accelerate the path of digitisation and make the most of these capabilities, which are translated into new functionalities and use cases of our *Aqualia Live* platform.

Aqualia Live is a platform designed and created by Aqualia experts with the know-how of the integral water cycle and technology at the same time. In other words, it is designed by people "from water and for water".

Our platform covers all the processes of the integral cycle, starting with the catchment, passing through drinking water treatment, distribution, the entire life of the customer, and ending with treatment and reuse.



Aqualia Live consists of the following modules:

- GEO: allows the geographical representation of assets, pipes, valves, hydrants, etc. with their main characteristics like material, age, dimensions, etc.
- IoT: for the collection, control and integration of different devices regardless of the manufacturer or the communications protocol used.
- NOW: this module manages the complete life cycle of an asset with its preventive and predictive maintenance.
- CCS: customer/citizen relationship management through different digital channels (*app*, web, etc.)
- TIK: which transforms information into knowledge.
- aWA: the brain of the platform, using internal and external data and transforming it into intelligent solutions.

It incorporates new technologies, *IoT*, *BigData*, *Cloud Computing*, Artificial Intelligence and of course mobility, to optimise processes, making them more efficient and more sustainable.

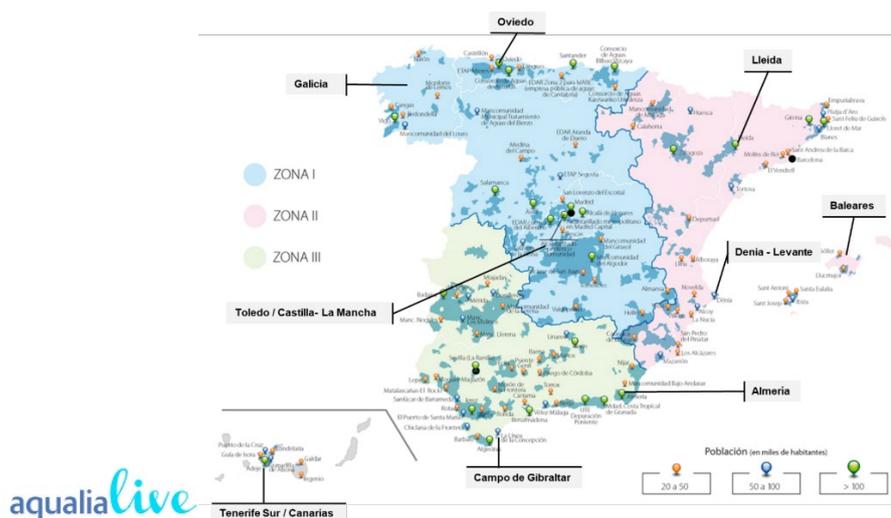
This allows:

- Better service management. By digitising assets (plants, networks, reservoirs, pumping), it is possible to know what is happening in real time and thus act more efficiently and quickly.
- A better service to citizens, water consumers. Through our *aqualia contact* app, they can consult their hourly consumption if they have a *smartmeter*. In addition, in 2022, customers have been offered the possibility of defining their own alerts, for example, in the event that there is no consumption in the home of a vulnerable person or if there is consumption in a second home that is empty. In addition, if a leak is detected in a customer's home, Aqualia notifies them so that they can check their installation without waiting for higher costs or greater damage to the interior of their home.

As a new feature of the *Aqualia Live* platform. It highlights the early detection of leaks in the supply network. This early detection avoids unnecessary water losses and further damage to the network. In addition, a reduction in losses means that this water has not had to be treated and therefore a lower use of electricity and reagents. This is a clear example of how technology is a great ally of sustainability.

In 2021, the Toledo and Denia Control Centres began to validate and exploit the solutions. Working under the format of Regional Control Centres allows us to offer the same quality service in all the municipalities where Aqualia operates, regardless of their size.

During 2022, in addition to implementing new solutions such as the one mentioned above, our technology has been deployed nationwide in the different geographies where Aqualia provides its services under the format of control centres. In these control centres, it is possible to know what is happening in real time in each of the municipalities, identify, alert and act immediately.



Internationally, it is worth noting that the new concessions in France are already working with *Aqualia Live*.

It highlights the mobile work of our field force during 2022. Work orders are dynamically assigned to the nearest trained operator who receives them on their mobile. This means that travel is reduced or eliminated, saving fuel and reducing CO₂ emissions, eliminating paper (more sustainable) and improving response time and quality of information, thereby increasing operational efficiency and resulting in better service.

And finally, Aqualia has prepared for the implementation of PERTE, both in its first phase of demonstration projects and in its second, more generalised phase.

Cybersecurity

The main cybersecurity initiatives during the year 2022 have been the following:

- Identify and develop the necessary cyber security skills and knowledge in different areas and foster a culture of cyber security at all levels of the organisation.
- Implement and prioritise cybersecurity measures based on risk and threat analysis and with a focus on systems that support critical infrastructure and essential services.
- Establish mechanisms to supervise and monitor the state of cybersecurity in the different areas of the company and ensure compliance with applicable internal and external regulations.

12. OTHER INFORMATION

The Group's exposure to financial risks is detailed in the accompanying notes to the consolidated financial statements (Note 23).

With regard to treasury stock transactions, the company has not carried out any treasury stock purchase transactions, nor does it plan to do so in the future.

Possible events after 31 December 2022 are described in Note 24 of the accompanying notes to the financial statements.

The Company is included in the consolidated Statement of Non-Financial Information that forms part of the consolidated 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.

The Annual Accounts and Directors' Report of FCC Aqualia, S.A. for the year ended 31 December 2022 were drawn up by the directors of the Company on 15 March 2023, and are identified by the fact that they are printed on 94 sheets, both sides, of Government stamped paper series 00 numbers 8901406 to 8901499 inclusive, being signed, in proof of conformity, on the sheet of Government stamped paper series 00 number 8901500.

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