

FCC Aqualia, S.A.

**Financial Statements for the
year ended 31 December 2020 and
Directors' Report, together with
Independent Auditor's Report**

*Translation of a report originally issued in Spanish based
on our work performed in accordance with the audit
regulations in force in Spain. In the event of a
discrepancy, the Spanish-language version prevails.*

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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 31 December 2020, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2020, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.1 to the financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force 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 pertaining to independence, that are relevant to our audit of the financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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

Most Significant Audit Matters

The most significant audit matters are those matters that, in our professional judgement, were considered to be the most significant risks of material misstatement 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 opinion thereon, and we do not provide a separate opinion on those risks.

Recognition of unbilled revenue

Description

As indicated in Note 1 to the accompanying financial statements, one of the Company's main activities is integrated water cycle management, and it recognises revenue from supplying water to its customers. These services are billed in accordance with the frequencies established in each of the contracts with which the Company operates and, therefore, the revenue recognition process requires an estimation of the users' consumption for the periods between the date of the most recent meter reading and the reporting date.

In this connection, the recognition of unbilled revenue for water supplies to users, including an estimate of water volumes consumed by them from the date of the most recent meter reading, was determined to be an area of significant auditor attention in our audit due to the materiality of the amount to be billed for work performed recognised as revenue with respect to the total net balance of trade receivables at 31 December 2020, and considering that, as indicated above, it requires Company management to make significant estimates.

Procedures applied in the audit

Our audit procedures to address this matter included, among others, the review of the design and implementation of the relevant controls that mitigate the risks associated with the process to account for unbilled revenue from the supply of water to customers, as well as the performance of tests to check that the aforementioned controls operate effectively (including information system controls, for which we involved our internal experts in systems technology).

Also, we performed substantive procedures on a selective basis for a sample of contracts, which included, inter alia, the assessment of the reasonableness of the amounts recognised as amounts to be billed for work performed on the basis of the trends of comparable prior periods and the obtainment and adequate understanding of reports quantifying the amounts to be billed for work performed prepared by the service managers responsible for the performance of the aforementioned contracts in order to evaluate the reasonableness of the hypotheses and assumptions made by the Company.

The method used for recognising unbilled revenue for these services and the estimates made in this connection, as well as the additional disclosures relating to the amounts to be billed for work performed under the contracts, which are accounted for in accordance with the aforementioned method, are included in Notes 2.4., 4.10 and 10.1.

Other Information: Directors' Report

The other information comprises only the directors' report for 2020, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the information contained in the directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

a) A specific level that applies to the non-financial information statement, which consists solely of checking that the aforementioned information has been provided in the directors' report, or, as the case may be, that the directors' report contains the corresponding reference to the separate report on non-financial information as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the financial statements, based on the knowledge of the entity obtained in the audit of those financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the directors' report included a reference to the fact that the information described in section a) above was presented in the consolidated directors' report of the FCC Group to which the Company belongs, and that the other information in the directors' report was consistent with that contained in the financial statements for 2020 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for preparing the accompanying financial statements so that they present fairly the Company's equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the directors 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 have 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 the audit regulations in force 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.

A further description of our responsibilities for the audit of the financial statements is included in Appendix I to this auditor's report. This description forms part of our auditor's report.

DELOITTE, S.L.

Registered in ROAC under no. S0692

A handwritten signature in blue ink, appearing to read 'Francisco Fernández', is written over a horizontal line that extends across the width of the signature.

Francisco Fernández

Registered in ROAC under no. 20215

26 March 2021

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the use by the directors 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 entity's directors 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 entity's directors, we determine those risks 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.

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

FCC Aqualia, S.A.

ANNUAL ACCOUNTS AND MANAGEMENT REPORT CORRESPONDING TO THE BUSINESS YEAR ENDED 31 DECEMBER 2020

➤ ANNUAL ACCOUNTS

- **Financial Statements**
 - Balance Sheet**
 - Profit and Loss Account**
 - Statement of Changes in Net Equity**
 - Cash Flow Statement**
- **Review**

➤ MANAGEMENT REPORT



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



FCC Aquilla, S.A.

BALANCE SHEETS AT 31 DECEMBER 2020 AND 2019
(Thousands of euros)

ASSETS	Notes to the Review	Business year 2020	Business year 2019
NON-CURRENT ASSETS		1,881,670	1,878,152
Intangible fixed and non-current assets	Note 5	460,905	505,710
Development		1	6
Concessions		405,516	440,016
Concession agreements, financial capitalization		13,715	14,811
Commercial fund		41,961	49,666
Other intangible fixed and non-current assets		292	1,217
Tangible fixed and non-current assets	Note 6	44,647	33,805
Land and buildings		1,951	2,304
Technical installations and other tangible fixed and non-current assets		42,442	29,525
Current fixed and non-current assets and advances		254	1,976
Long-term investments in Group companies and associates		1,258,640	1,217,826
Equity instruments	Note 7.1	357,034	321,942
Loans to companies	Notes 7.2 and 8	901,606	895,984
Long-term financial investments	Note 8	97,722	102,999
Equity instruments		10,400	11,152
Loans to third parties		65,863	71,893
Miscellaneous financial assets	Note 8.3	21,735	19,954
Deferred tax assets	Note 15	19,756	17,812
CURRENT ASSETS		604,699	553,783
Inventories		18,505	21,360
Commercial		646	709
Raw materials and miscellaneous procurement		11,259	10,743
Advances to suppliers		6,800	9,808
Trade and other receivables		106,969	111,977
Clients by sales and provision of services	Note 10.1	17,503	29,721
Clients, Group companies and associates	Note 10.2	49,663	43,745
Personal		171	582
Sundry receivables		5,548	11,585
Current tax assets	Note 16	-	1,481
Other receivables from Public Administrations	Note 16	27,364	24,853
Short-term investments in Group companies and associates	Note 9	81,797	102,953
Loans to companies	Note 9.1	70,799	101,892
Miscellaneous financial assets	Note 9.3	10,998	7,061
Short-term financial investments	Note 9	23,124	37,130
Loans to third parties	Note 9.2	14,675	17,229
Miscellaneous financial assets	Note 9.3	7,449	9,201
Short-term accrued expenses		1,939	1,869
Cash and cash equivalents	Note 11	373,365	281,600
Treasury		373,365	281,600
TOTAL ASSETS		2,486,369	2,431,941

Notes 1 to 25 in the attached Review constitute an integral part of the Financial Statements for the 2020 business year

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FCC Aquila, S.A.

BALANCE SHEETS AT 31 DECEMBER 2020 AND 2019

(Thousands of euros)

NET EQUITY AND LIABILITIES	Notes to the Review	Business year 2020	Business year 2019
NET EQUITY	Note 12	591,525	478,138
SHAREHOLDERS' EQUITY		583,236	468,317
Capital		145,000	145,000
Issued capital		145,000	145,000
Share premium		79,481	79,481
Reserves		246,390	163,133
Legal and statutory		29,000	29,000
Other reserves		217,390	134,133
Profit/(loss) for the business year		112,365	80,883
Valuation adjustments	Note 12.4	5,211	5,953
GRANTS, DONATIONS AND LEGACIES	Note 13	3,078	3,668
Grants, donations and legacies received		3,078	3,668
NON-CURRENT LIABILITIES		1,459,194	1,463,492
Long-term provisions	Note 14	61,596	66,789
Liabilities for long-term employee benefits		-	19
Other provisions		61,596	66,770
Long-term payables	Note 15	1,387,019	1,384,435
Debt instruments and other marketable values		1,346,429	1,345,306
Other financial liabilities		40,590	39,129
Deferred tax liabilities	Note 16	8,813	8,317
Long-term accrued expenses and deferred income	Note 17	3,764	3,951
CURRENT LIABILITIES		435,650	490,311
Short-term provisions	Note 14	5,934	6,623
Short-term payables	Note 15	28,178	22,950
Interest payable on bonds and other marketable values		15,301	15,227
Other financial liabilities		12,877	7,723
Payables to Group companies and associates	Note 15.2	59,472	123,507
Trade and other payables	Note 15	337,356	333,327
Suppliers		116,792	123,013
Suppliers, Group companies and associates	Note 15.3	23,976	20,738
Purchase ledger sundry accounts		103,665	98,384
Personnel		3,453	3,003
Current tax liabilities	Note 16	1,562	4,403
Other payables to Public Administrations	Note 16	73,157	75,063
Client advance payments		14,951	9,281
Short-term accrued expenses		4,510	3,344
TOTAL EQUITY AND LIABILITIES		2,486,369	2,431,941

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FCC Aguilla, S.A.

PROFIT AND LOSS STATEMENTS CORRESPONDING TO THE BUSINESS YEARS ENDED 31 DECEMBER 2020 AND 2019 (Thousands of euros)

	Notes to the Review	Business year 2020	Business year 2019
CONTINUING OPERATIONS			
Net business turnover	Note 19.1	776.112	734.514
Changes in inventories for finished goods and work in progress		(6)	15
Self-constructed assets		1.219	1.593
Consumables	Note 19.3	(260.014)	(260.447)
Consumption of commodities		(88.339)	(90.862)
Consumption of raw materials and other consumables used		(82.187)	(82.112)
Subcontracted work		(83.488)	(81.673)
Other operating income		24.889	27.137
Non-trading and other operating income		14.556	15.260
Operating grants included in the profit/(loss) for the business year	Note 13	10.353	11.877
Staff expenses		(209.304)	(198.859)
Salaries, wages and related items		(155.922)	(149.521)
Labour costs	Note 19.7	(52.382)	(49.338)
Other operating expenses		(137.422)	(136.178)
Outsourced services	Note 19.4	(126.723)	(130.366)
Taxes other than income tax		(3.368)	(3.633)
Losses on, impairment of and changes in provisions for commercial transactions	Note 19.11	(4.382)	1.753
Other current management expenses	Note 19.12	(2.947)	(4.062)
Amortisation of fixed and non-current assets	Notes 5 and 6	(51.248)	(60.289)
Appportionment of grants for fixed and non-current assets and others	Note 13	791	1.002
Provision surpluses		2.257	3.090
Impairment and profit/(loss) on disposal of fixed and non-current assets		1.394	4.132
Profits/(losses) on disposals and others		1.394	4.132
OPERATING PROFIT/(LOSS)		139.668	117.680
Financial income		39.031	37.729
From marketable securities and other financial instruments		39.031	37.729
- Group companies and associates	Note 19.2	35.144	33.981
- Third parties		3.887	3.748
Financial expenses	Note 19.8	(31.471)	(32.978)
On payables to Group companies and associates	Notes 15 and 19.2	(338)	(453)
On payables to third parties	Note 15	(30.843)	(32.073)
Interest cost relating to provisions		(290)	(446)
Exchange differences	Note 19.9	(2.625)	456
Impairment and losses on disposal of financial instruments	Note 19.10	(13.151)	(8.978)
Impairment and losses		(13.151)	(8.978)
FINANCIAL PROFIT/(LOSS)		(8.216)	(3.771)
PROFIT/(LOSS) BEFORE TAX		131.452	113.909
Corporate tax on profit	Note 16	(19.067)	(33.029)
PROFIT/(LOSS) FOR THE BUSINESS YEAR FROM CONTINUING OPERATIONS		112.385	80.883
PROFIT/(LOSS) FOR THE BUSINESS YEAR		112.385	80.883

Notes 1 to 25 in the attached Review constitute an integral part of the Financial Statements for the 2020 business year



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FCC Aqualia, S.A.

STATEMENT OF CHANGES IN NET EQUITY CORRESPONDING TO BUSINESS YEARS ENDED 31 DECEMBER 2020 AND 2019 (thousands of euros)

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR BUSINESS YEARS ENDED 31 DECEMBER 2020 AND 2019

	Notes to the review	2019
A) Statement of profit and loss		80.229
B) Total income and expenses attributed directly to net equity		6.201
I. On appreciation of financial instruments		5.958
1. Financial assets available for sale		5.958
III. Grants, donations and legacies received	19	288
V) Tax effect		10
C) Total transfers to the profit and loss account		(805)
VIII. Grants, donations and legacies received	19	(1.002)
IX. Tax effect		197
TOTAL RECOGNISED INCOME AND EXPENSES (A+B+C)		86.279
	Notes to the review	2020
A) Statement of profit and loss		112.965
B) Total income and expenses attributed directly to net equity		4
III. Grants, donations and legacies received	19	5
V) Tax effect		(1)
C) Total transfers to the profit and loss account		(1.996)
VI. By assessment of financial instruments		(742)
1. Financial assets at fair value	8.1 and 12.4	(742)
VIII. Grants, donations and legacies received	19	(791)
IX. Tax effect		197
TOTAL RECOGNISED INCOME AND EXPENSES (A+B+C)		111.069

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FCC Aquilla, S.A.

STATEMENT OF CHANGES IN NET EQUITY CORRESPONDING TO THE BUSINESS YEARS ENDED 31 DECEMBER 2020 AND 2019

(IN MILLIONS OF EUROS)

B) STATEMENT OF TOTAL CHANGES IN NET EQUITY CORRESPONDING TO THE BUSINESS YEARS ENDED 31 DECEMBER 2020 AND 2019

	SHARE CAPITAL (Note 5.1)	SHARE PREMIUM (Note 5.2)	RESERVES (Note 5.3)	PROFIT/(LOSS) FOR THE BUSINESS YEAR	TOTAL DISAPPOINTMENT EQUITY	ADJUSTMENTS FOR CHANGE IN FV VALUE	GRANTS (Note 13)	TOTAL
BALANCE AT 31 DECEMBER 2018	145.000	79.481	136.476	116.644	477.601	-	4.225	481.826
I. Total recognised income and expenses	-	-	-	80.883	80.883	5.953	(557)	86.326
II. Transactions with partners or owners	-	-	(89.967)	-	(89.967)	-	-	(84.014)
2 (-) Return of share premium	-	-	-	-	-	-	-	-
4. (-) Distribution of dividends	-	-	(90.000)	-	(90.000)	-	-	(90.000)
5. (+) Increase in equity due to business combinations	-	-	33	-	33	-	-	33
II. Other changes in net equity	-	-	116.644	(116.644)	-	-	-	-
BALANCE AT 31 DECEMBER 2019	145.000	79.481	163.153	80.883	468.517	5.953	3.668	478.138
I. Total recognised income and expenses	-	-	-	112.365	112.365	(742)	(530)	111.083
II. Transactions with partners or owners	-	-	1.153	-	1.153	-	-	1.153
5. (+) Increase equity due to business combinations (Note 2.8)	-	-	1.153	-	1.153	-	-	1.153
III. Other changes in net equity (Note 7.1)	-	-	82.084	(80.883)	1.201	-	-	1.201
BALANCE AT 31 DECEMBER 2020	145.000	79.481	246.380	112.365	583.236	5.211	3.678	591.526

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FCC Aqualia, S.A.

STATEMENT OF CASH FLOWS CORRESPONDING TO THE BUSINESS YEARS ENDED ON 31 DECEMBER 2020 AND 2019 (THOUSANDS OF EUROS)

	Notes to the review	2020	2019
A) CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit/(loss) for the business year before tax		131.431	113.989
2. Adjustments to profit/(loss)		(1.846)	18.883
a) Amortisation of fixed and non-current assets (+)	5 and 6	61.248	60.289
b) Impairment loss allowances (+/-)		14.635	(1.785)
c) Change in provisions (+/-)		1.145	(1.665)
d) Attribution of grants (-)	13	(791)	(1.002)
e) Profit/loss from cancellations and disposals of fixed and non-current assets (+/-)		344	(1.957)
f) Profit/loss on cancellations and disposals of financial instruments (+/-)		-	5.495
g) Finance income and Dividends (-)		(112.128)	(77.081)
h) Finance costs (+)	19.8	31.471	32.978
i) Exchange differences (+/-)	19.9	1.625	(456)
j) Change in fair value of financial instruments (+/-)		(415)	-
k) Miscellaneous income and expenses (+/-)		-	5.067
3. Changes in working capital		7.708	(279)
a) Inventories, trade and other receivables and current assets (+/-)		1.880	(1.028)
b) Miscellaneous current assets (+/-)		(70)	(194)
c) Trade and other payables (+/-)		3.862	977
d) Miscellaneous current liabilities (+/-)		2.220	158
e) Miscellaneous non-current assets and liabilities (+/-)		(186)	(186)
4. Miscellaneous cash flows from operating activities		58.942	24.478
a) Interest paid (-)		(27.621)	(27.458)
b) Dividends received (+)		68.456	85.491
c) Interest received (+)		41.653	34.738
d) Income (payments) from profit tax receipts (+/-)		(21.071)	(16.284)
e) Miscellaneous payments (collections) (+/-)		(2.475)	(2.014)
5. Cash flows from operating activities (+/-) 1+2+3+4		196.233	157.992
B) CASH FLOWS FROM INVESTMENT ACTIVITIES			
6. Payments for investments (-)		(290.774)	(189.217)
a) Group companies and associates		(126.709)	(149.705)
b) Intangible and material fixed and non-current assets		(29.133)	(24.781)
c) Miscellaneous financial assets		(134.932)	(24.731)
7. Proceeds from disposals (+)		241.325	106.317
a) Group companies and associates		95.694	76.042
b) Intangible and material fixed and non-current assets		77	3.067
c) Miscellaneous financial assets		145.492	21.206
d) Miscellaneous assets		662	2
8. Cash flows from investment activities (7-6)		(48.849)	(98.900)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
9. Collections and payments for equity instruments		851	(152)
a) Issuance of equity instruments (+)		1.200	-
b) Grants, donations and bequests received (+)		(249)	(152)
10. Proceeds from and payments for financial liabilities		(57.432)	(9.851)
a) Issue		59.759	53.902
1. Debt instruments and other marketable values (+)		1.123	1.302
2. Borrowings from credit institutions (+)		-	11
3. Payables to Group companies and associates (+)		51.449	49.428
3. Other payables (+)		7.187	3.369
b) Repayment and redemption of		(117.191)	(63.753)
1) Borrowings from credit institutions (-)		-	(16)
2) Payables to Group companies and associates (-)		(115.521)	(61.007)
3) Other payables (-)		(1.670)	(2.730)
11. Payments for dividends and remun. of miscellaneous equity instruments		-	(90.000)
b) Dividends (-)		-	(90.000)
12. Cash flows from financing activities (+/-) 9+10-11		(56.481)	(100.003)
D) EFFECT OF CHANGES IN EXCHANGE RATES		(138)	189
E) NET INCREASE IN CASH AND CASH EQUIVALENTS. (+/-) 5+/-8+/-12+/-D)		90.785	(40.722)
Cash and cash equivalents at the start of the business year		282.600	323.323
Cash and cash equivalents at the end of the business year		373.365	282.600

Notes 1 to 25 in the attached Review constitute an integral part of the Financial Statements for the 2020 business year



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NOTE 1. COMPANY ACTIVITY

FCC Aqualia, S.A. (hereinafter, the Company or FCC Aqualia) is a company incorporated in Spain, in accordance with the Public Limited Liability Companies Law. It was established in 1980 under the corporate name of Seragua, SA. In July 2002, it adopted the corporate name of Aqualia Gestión Integral del Agua, SA and on April 2, 2014, the agreement to change the corporate name by which it was renamed FCC Aqualia, S.A. was made public. The registered office is in Madrid.

The Company's object is the performance, both in Spain and in any other country, of the following activities:

- The provision and performance of sanitary and cleaning services of all kinds for the treatment, retrieval, elimination and purification of solid or liquid waste, drinking water for supply or industrial processes, urban or industrial wastewater and of any type of works and ancillary equipment related thereto.
- The manufacture, purchase and sale, assembly, supply, representation and distribution of machinery, mechanical and electrical vehicles and equipment and of all those main devices or accessories required to treat and purify waste and water and the performance of all manner of civil engineering works related to the foregoing activities, together with the operation and marketing of patents, models, trademarks and licences.
- The construction, installation, operation, maintenance, management, repair, purchase, sale and promotion, on its own account or on account of others, of all manner of treatment stations, plants and equipment, the retrieval or disposal of wastes and the purification of water and of all those installations that treat such waste.
- The purchase and sale of treated, purified or drinkable water or water of any other type.
- The preparation, drafting and advisory services for all manner of reports, studies and projects, and the provision and execution of all manner of services in relation to the above mentioned activities.
- The performance of all manner of cooperation inherent to the collection management of any of the Public Administrations, that does not involve the exercise of authority or the safe-keeping of public funds, which were awarded by these Administrations.
- The supply, piping and distribution of all manner of combustible gases, and regasification, liquefaction and storage activities. The performance, execution and conservation of all manner of works, infrastructures and installations that are related to such activities.
- The execution and maintenance of all manner of civil engineering and building works and installations of any type, both public and private, on its own account or on account of third parties, including the operation of sports installations, swimming pools, sports centres and leisure and recreation centres in general.
- The management of the integral water cycle; catchment, transportation, treatment and distribution of water, technical, administrative and IT works for client management, reading of meters, billing, bill collection management services, protection and maintenance of water networks and sewage systems, integral protection and maintenance of wastewater treatment plants, detection of escapes in the networks, sterilisation, disinfection, insect and rat control in buildings, premises and in forests and gardens, sewage systems, water networks and 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, mud and urban waste and general cleaning services.



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- The performance of any activity related to the analysis and control of drinking and wastewater at the Company's laboratories and installations.

The Company may undertake of the above mentioned activities by itself or through ownership interests in other Spanish or foreign companies with the same or an analogous company object. Such ownership interest will involve both the subscription, purchase or acquisition, by any means validated by Law, of commercial shares or values, that grant an equity interest in the capital stock or profits of such companies, and any type of association between companies. Excluded are all activities for which the law has special requirements that the Company does not meet.

During the 2018 business year, Fomento de Construcciones y Contratas, S.A., to date, the sole shareholder of FCC Aqualia, S.A., sold 49% of the capital stock to Global Infraco Spain, S.L.U. belonging to the IFM Global Infrastructure Fund investment fund, and the FCC Group maintained its majority voting rights at the Shareholders' Meeting and on the Board of Directors, thereby maintaining its control over FCC Aqualia, S.A. The FCC Group also established two companies (FCC TOPCO, S.a.r.l and its subsidiary company FCC MIDCO, S.A), contributing to the latter 10% of the shares held by the FCC Group in FCC Aqualia, S.A., which were pledged to guarantee certain obligations assumed by FCC vis-à-vis IFM, under the partners' agreement signed by the latter in relation to its investee FCC Aqualia, S.A.

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

COMPANY	PARTNERS	LEGAL AND TAX DOMICILE	% SHAREHOLDING	OPERATING FUND (thousands of euros)
Abastecimiento Picañas Almoquera JV	FCC Aqualia, S.A. - Barahona Obras Y Serv. S.L	C/ Federico Salmón, 13. Madrid	95%	-
Agua Santo Domingo JV	FCC Aqualia, S.A. - Agua Energía y MSI SL	C/ San Pedro, 3. Nájera (La Rioja)	70%	-
Aguas de Alcalá JV	FCC Aqualia, S.A. - Canal de Isabel II.	C/ Federico Salmón, 13. Madrid	50%	3
Aguas del Doramás JV	FCC Aqualia, S.A. - Elcoh Explot. S.L. - E. Maspalomas, S.A.	C/ Bentago Semidán, 2 Gáldar (Gran Canaria)	50%	3
Algües els Poblets JV	FCC Aqualia, S.A.	C/ Federico Salmón, 13. Madrid	100%	-
Alcantarillado Alcoy JV	FCC Aqualia, S.A. - FCC Medio Ambiente S.A.	C/Balmes, 36. Barcelona	50%	8
Alcantarillado Burgos JV	FCC Aqualia, S.A. - FCC, S.A.	C/ Fernando Dancausa S/N. Polígono Industrial Gamonal-Villimar. Burgos	40%	-
Alcantarillado Madrid Lote D JV	FCC Aqualia, S.A.	Camino Hormigueros 131. Madrid	99.99%	-
Alkhorayef JV	FCC Aqualia, S.A. - Alkhorayef Water & Power	Al Riyadh C Al Yarmook C. Riyadh. Saudi Arabia.	51%	-
Expansion SWDP Melilla JV	FCC Aqualia, S.A. - Arpo constr. company	Carretera de Aguadú S/N Melilla	50%	8
Oviedo JV	FCC Aqualia, S.A. - Soc. Española de Aguas Filtradas, S.A.	Plaza América, 10. Oviedo	95%	6
Aqualia Riofabar Piloña JV	FCC Aqualia, S.A.	C/ Muñoz Degraín, 4-6. Oviedo	100%	6
Bombeo Zona Sur JV	FCC Aqualia, S.A. - FCC, S.A.	Camino Hormigueros 131. Madrid	99%	-
JV C.H. Taleve	FCC Aqualia, S.A. - Soc. Española de Aguas Filtradas, S.A.	C/Balmes, 36. Barcelona	50%	3
JV C.H. Taleve II	FCC Aqualia, S.A. - Matinsa	Nelva, pta.7 Torre A Murcia	80%	5
Calle Cruz JV	FCC Aqualia, S.A. - Const. Y O.P. Luis Vazquez e Hijos S.L	Avda. General Luxán 2. Castuera. (Badajoz)	80%	-



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COMPANY	PARTNERS	LEGAL AND TAX DOMICILE	% SHAREHOLDING	OPERATING FUND (thousands of euros)
Cangas JV	FCC Aqualia, S.A. - FCC, S.A.	C/ Cantabria, s/n Vigo (Pontevedra)	99.99%	6
Centro Deportivo Granadilla de Abona JV	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	99%	-
Consorcio Louro JV	FCC Aqualia, S.A. - Cvis Global, S.L.	C/ Puerto Rico, 18-20 Of.7 Vigo (Pontevedra)	99%	6
Consorcio PTAR Arraján JV	FCC Aqualia, S.A. - Aqualia Intech, S.A.	C/ Nicanor Obarrio 50, Edificio Torre Global Bank. Panama	50%	-
Costa Tropical JV	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Nueva, 4. Motril (Granada)	51%	-
Costa Tropical II JV	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Nueva, 4. Motril (Granada)	51%	-
Costa Tropical III JV	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Nueva, 4. Motril (Granada)	51%	-
Denia JV	FCC Aqualia, S.A.	C/ José Luis Goyonga, 36 Erandio (Vizcaya)	100%	6
Aqualia Inima (Depuración poniente almeriense) JV	FCC Aqualia, S.A. - Inima, S.A.	C/ Rez. de Arellano, 15 Madrid.	75%	7
EDAM Bajo Almanzora JV	FCC Aqualia, S.A. - Aqualia Intech, S.A. - FCC Construcción, S.A.- BEFESA	C/ Ulises, 18. Madrid	10%	1
EDAM Santa Eulalia JV	FCC Aqualia, S.A. - Aqualia Intech, S.A.	C/ Grai. Ramírez de Madrid, 8. Madrid.	99%	3
A Guarda 2013 WWTP JV	FCC Aqualia, S.A. - Depuración, Mantenimiento e Instalaciones, S.L.	C/ Puerto Rico, 18-20 Of.7 Vigo (Pontevedra)	50%	3
Albuñol WWTP JV	FCC Aqualia, S.A. - FCC Construcción, S.A.	C/ Hillera, 10. Albuñol. Granada.	50%	3
Cuerva WWTP JV	FCC Aqualia, S.A. - FCC, S.A.	C/ Cardenal Marcelo Spínola, 42 Madrid	95%	6
La Ranilla WWTP JV	FCC Aqualia, S.A. - Aqualia Intech, S.A.	C/ Balmes, 36. Barcelona	75%	9
Reinosa WWTP JV	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	99%	-
San Vicente de la Barquera WWTP JV	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	99%	-
Valdepeñas WWTP JV	FCC Aqualia, S.A. - Aqualia Intech, S.A. - FCC Construcción, S.A.	C/ Ulises, 18. Madrid	50%	3
Estaciones Perales JV	FCC Aqualia, S.A. - Aqualia Intech, S.A.	Camino Hormigueras 131. Madrid	80%	-
ETAPS Este JV	FCC Aqualia, S.A.	Pº Campo Volantín, 24-5-3 Bilbao	100%	4
Explotación ITAM Tordera JV	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Berlín, 38-48. Barcelona	50%	3
Fuentes de Cádiz JV	FCC Aqualia - FCC S.A.- FCC M.A.	Ana de Viza 3, Cádiz	50%	8
Galindo - Beurko JV	FCC Construcción, S.A. - Bycam Serv. Edif e infraestr. S.A. - FCC Aqualia, S.A.	C/ Rodríguez Arias 23-3º. Bilbao	10%	1
Gestión Cangas JV	FCC Aqualia, S.A. - Cvis Global, S.L.	C/ Puerto Rico, 18-20-of.7 Vigo (Pontevedra)	70%	4
Groupement Solidaire Jerba JV	FCC Aqualia, S.A. - Aqualia Intech, S.A. - Inima	C/ Federico Salmón, 13. Madrid	20%	1
Guadiana Puelbionuevo JV	FCC Aqualia, S.A. - OPS INFR Y SERV HIDR	Pza. de España 13, Badajoz	51%	-
HIDR-HIDR-INV. do centr. JV ACE	FCC Aqualia, S.A. - Lena Ambiente-Gestao de Residuos, S.A.	Urb. Dos Plátanos-lote 2D-loja B Fregueria de Alferrade - Concelho de Abrantes. Portugal	50%	-
Ibiza JV	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Berlín, 38-48. Barcelona	50%	2
SWDP Janubio JV	FCC Aqualia, S.A. - Aqualia Intech, S.A.	C/ Hermano Pedro, 15. Adeje. (Santa Cruz de Tenerife)	99%	-
Sant Antoni SWDP JV	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Berlín, 38-48. Barcelona	50%	5



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COMPANY	PARTNERS	LEGAL AND TAX DOMICILE	% SHAREHOLDING	OPERATING FUND (thousands of euros)
Sant Antoni II SWDP JV	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Berlín, 38-48. Barcelona	50%	5
Santa Eulalia SWDP JV	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Nápoles S/N. Santa Eulalia. Balearic islands.	50%	3
Aqualia Infilco JV	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Rrez. de Arellano, 15 Madrid.	50%	3
Louro JV	FCC Aqualia, S.A. - Movex Vial, S.L.	C/ Puerto Rico, 18-20-of.7 Vigo (Pontevedra)	65%	4
Mancomunidad de Orbigo JV	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	99%	-
Nigrán JV	FCC Aqualia, S.A. - FCC, S.A.	C/ Doctor Esquerdo, 59. Madrid	99%	6
Argamasilla de Calatrava WWTP Project JV	FCC Aqualia, S.A. - Barahona Obras Y Serv. S.L	C/ Federico Salmón, 13. Madrid	70%	-
El Endrinal WWTP Project JV	FCC Aqualia, S.A. - FCC Construcción, S.A.	Av. Camino de Santiago 40, Madrid	33.33%	-
OYM Cap D'Inet JV	FCC Aqualia, S.A. - Inima, S.A.	C/ Ulises, 18. Madrid	50%	3
OYM Mostaganem JV	FCC Aqualia, S.A. - Inima, S.A.	C/ Gobelos, 35-37. Madrid	50%	3
Periférico Lote 3 JV	FCC Aqualia, S.A. - FCC, S.A.	Camino Hormigueros 131. Madrid	50%	-
Recirculación la Gavia JV	FCC Aqualia, S.A. - Aqualia Intech, S.A.	Camino Hormigueros 131. Madrid	50%	-
Redes CABB JV	FCC Aqualia, S.A.	Pº Campo Volantín, 24-5-3 Bilbao	100%	4
Redondele JV	FCC Aqualia, S.A. - FCC, S.A.	C/ Doctor Esquerdo, 59. Madrid	99.99%	6
Reparaciones Lote 9 JV	FCC Aqualia, S.A.	Camino Hormigueros 131. Madrid	100%	-
Santomera JV	FCC Aqualia, S.A. - FCC, S.A.	C/ Doctor Esquerdo, 59. Madrid	99.99%	6
Vigo JV	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	99.99%	28,978
Sollanoko Ura JV	FCC Aqualia, S.A. - Iragaz Watin, S.A.	C/ Gregorio de Revilla, 27. Bilbao	100%	3
TSE Riad JV	FCC Aqualia, S.A. - Alkhorayef Water & Power	Al Riyadh - Assahafah - Al Imam Saud Bin Faisal Road. Riyadh. Saudi Arabia	51%	-
Ussa A 17 JV	FCC Aqualia, S.A. - Iragaz Watin, S.A.	Pº Campo Volantín, 24-5-3 Bilbao	100%	4
Vigo Piscinas JV	FCC Aqualia, S.A. - Idoena Cys, S.L	C/ Puerto Rico, 18-20-of.7 Vigo (Pontevedra)	50%	3
Zaragoza Sewerage System JV	FCC Aqualia, S.A. - FCC Medio Ambiente S.A.	Caretera Castellón Km 2700-Zaragoza	50%	3

b) The Company also participates in Economic Interest Groupings (E.I.Gs), with ownership percentages as detailed below:

- A.I.E. ITAM Delta de la Tordera. The purpose had been the construction and operation of a desalination plant in Gerona until it was dissolved on 29 December 2020. The most significant data are:

Registered office: Travesía de Gracia, 58. Barcelona.

Partners:

FCC Aqualia, S.A.	49.9 %
FCC Construcción, S.A.	0.1%
Aqualia Intech, S.A.	0.1%
Acciona Agua, S.A.	49.9 %
- A.I.E. Gestión de Servicios Hidráulicos de Ciudad Real. Participates in the capital stock of the company



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that supplies drinking water to a number of municipalities in the province of Ciudad Real. The most significant data are:

- | | | |
|--------------------|-------------------------------------|---------|
| Registered office: | C/ Ramirez de Arellano, 15. Madrid. | |
| Partners: | 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 installations for the treatment and purification of drinking water, and the supply thereof to municipalities that form part of the Costa Tropical de Granada Association.

Registered office:	Plaza de la Aurora, s/n. Motril (Granada).	
Partners:	FCC Aqualia, S.A.	51.00 %
	Acciona Agua, S.A.	49.00 %
 - A.I.E. SOREA - Aqualia (previously A.I.E. Aquagest Medioambiente, S.A. – Aqualia). It has an equity interest in Empresa Mixta de Costa Brava, S.A.

Registered office:	Condado de Jaruco, s/n. Lloret de Mar (Gerona)	
Partners:	Aquagest Medioambiente, S.A.	62.50 %
	FCC Aqualia, S.A.	37.50 %
 - A.I.E. Costa Brava Abastament Aqualia – Sorea. Established on 14 October 2009, it has an equity interest in the capital stock of a company that engages in wholesale water services management in the territorial area of the Consorcio de la Costa Brava.

Registered office:	C/ Sector Carlit, s/n. Castelló d'Empuries (Gerona)	
Partners:	FCC Aqualia, S.A.	50.00 %
	Sorea, S.A.	50.00 %
- c) FCC Aqualia also has equity interests in companies with similar corporate objectives and activities to its own. Details of the Group companies and associates may be found in Note 7.

The Company voluntarily presents the consolidated financial statements and management report as the parent company of the group of subsidiaries, which are detailed in this Review in accordance with the provisions of article 42.6 of the Spanish Commercial Code. It does so despite being exempt from the obligation pursuant to the applicable legislation, articles 43 of the Spanish Commercial Code and 7 of the Rules for the Preparation of the Consolidated Financial Statements of Royal Decree 1159/2010 of 17 September, since 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 have been admitted for official trading on the four Spanish stock markets (Madrid, Barcelona, Bilbao and Valencia). The consolidated financial statements and management report of Fomento de Construcciones y Contratas, S.A. are filed in the Barcelona Mercantile Registry.

The Company's consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS-EU), as laid down in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council on 19 July 2002, and by all their enacting provisions and interpretations. The Company's consolidated financial statements for the 2020 business year were prepared by the Administrators and will



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be submitted for approval by the shareholders at the Annual General Meeting, and they are expected to be approved without any changes.

The Company's consolidated financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union, show a volume of assets amounting to 3,443,486 thousand euros (3,277,652 thousand euros at 31 December 2019) and net equity attributable to the Company's shareholders of 594,229 thousand euros (499,155 thousand euros at 31 December 2019). Consolidated sales and attributable profit amounted to 1,188,348 thousand euros and 109,664 thousand euros (1,186,881 thousand euros and 110,529 thousand euros at 31 December 2019).

NOTE 2. BASIS FOR THE SUBMISSION OF FINANCIAL STATEMENTS

2.1. Regulatory Framework for financial information applicable to the Company

These financial statements have been authorised for issue by the Administrators in accordance with the financial reporting regulatory framework applicable to the Company, as laid down in:

- The Spanish Commercial Code and other mercantile legislation.
- The Spanish National Charter for Accounting, approved by Royal Decree 1514/2007 and amended by Royal Decree 602/2016 and its sectorial adaptations and, in particular, the Sectorial Adaptation of the National Charter for Accounting to public infrastructure concessionary companies, approved by order EHA/3362/2010.
- The binding rules approved by the Spanish Accounting and Audit Institute for the implementation of the Spanish National Charter for Accounting and its supplementary rules.
- All other applicable Spanish accounting regulations.

2.2. True and fair view

The financial statements were obtained from the Company's accounting records and are presented in accordance with the applicable financial reporting standards framework, in particular with the accounting principles and criteria contained therein and, accordingly provide a fair presentation of the Company's equity, financial position, results and cash flows corresponding to the business year.

In these annual accounts, information or breakdowns have been omitted that do not require detail due to their qualitative importance and so have been considered non-material or to have no relative importance in accordance with the concept of materiality or relative importance defined in the conceptual framework of the PGC 2007.

These financial statements, which have been prepared by the Company's Board of Directors, will be submitted for approval at the Annual Shareholders' Meeting, and they are expected to be approved without any modification. Meanwhile, the financial statements for the 2019 business year were approved by the shareholders at the Annual General Meeting held on 4 May 2020.

Consolidated balance sheets, income statements and cash flow statements of the joint ventures in which the Company participates have been proportionally consolidated according to the shareholding in each



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joint venture.

The joint ventures were included once adjustments were made to unify the accounting period and the valuation methods, together with the reconciliations and reclassifications required and the appropriate eliminations, both of the asset and liability balances and of reciprocal income and expenses. In the notes to the financial statements, the amounts corresponding thereto were broken down when they were of significance.

Furthermore, the Company includes in its financial statements, the earnings for the Economic Interest Groupings in which it has a stake, under the sub-account "Income from equity investments under the epigraph "Net Business Turnover" in the attached Profit and Loss Statement (see Note 19.1).

2.3. Non-obligatory accounting principles applied

No non-mandatory accounting policies have been applied. The directors also prepared these financial statements taking into consideration all the mandatory accounting principles and standards that have a material impact on these financial statements, that is, no mandatory accounting principles have not been applied.

2.4. Critical issues regarding assessment

In the preparation of the attached financial statements, the Company's Administrators made estimates based on historical experience and other factors that are felt to be reasonable in light of the prevailing circumstances and form the basis for measuring some of the assets, liabilities, revenues, expenses and commitments recognised therein. The Company reviews its estimates on an ongoing basis. These estimates relate essentially to the following:

- Assessment of potential losses due to the impairment of certain assets (see Notes 5, 6, 7, 8, 9 and 10).
- The life cycle of property tangible and intangible assets (Notes 5 and 6).
- The calculation of certain provisions (see Note 14).
- The recognition and recoverability of deferred tax assets (see Note 16).
- The estimate of the exchange rate, interest rate, solvency and liquidity risk (see Note 23).
- The Company's taxable income to be reported to the tax authorities in the future, that has served as the basis for recognising the various income-tax related balances in these financial statements (see Note 16).
- The percentage of completion of construction activities (see Note 4.10).
- Estimate of the consumption of cubic metres supplied to subscribers between the dates of the last meter reading and the closure of accounts (see Note 4.10)
- Fair value of certain financial assets including group companies (see Note 4.5.1).

Even though these estimates were made on the basis of the best information available at year-end 2020, future events may make it necessary to change these estimates (upwards or downwards) in the following business years. Any changes in accounting estimates are recognised prospectively.



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2.5. Comparison of information

The financial statements for each Item in the balance sheet, income statement, statement of changes in net equity, statement of cash flows and the review are presented for comparison purposes not only with the figures for the 2020 business year, but also with those included in the financial statements for the 2019 business year.

The same accounting criteria were applied in both the 2020 and 2019 business years. Accordingly, there are no operations or transactions using different accounting principles that could cause any inconsistency 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 net equity and statement of cash flows are grouped together to allow for easy comprehension. However, whenever the amounts involved are significant, the information is broken down in the corresponding notes to the financial statements.

2.7. Correction of errors

No significant errors in the preparation of these financial statements were detected that required the figures disclosed in the financial statements for the 2019 business year to be re-expressed.

2.8. Business combinations

2020

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

The merger by absorption operation was recorded in the Mercantile Registry on 19 January 2021, and entailed the winding up of the absorbed company without liquidation as of this date, and with it the block transfer of the assets of Agua y Gestión del Ciclo Integral S.L. to FCC Aqualia, S.A., the Company being subsequently subrogated in all the rights and obligations of the absorbed company.

As this was a merger between Group companies, the date after which the operations of the absorbed companies will be considered to be completed for accounting purposes by the acquiring company will be 1 January 2020. Given that it is a merger between the parent company (FCC Aqualia, S.A.) and a subsidiary (Agua y Gestión Ciclo Integral) the assets acquired were valued at the amount that would correspond to them, once the operation had been completed, in the consolidated annual accounts of the subgroup in accordance with the Rules for the Formulation of Consolidated Annual Accounts, governed by the Commercial Code.



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The simplified procedure was also followed in accordance with article 49 of Law 3/2009 on Structural Modifications given that the absorbing company is the sole direct partner of the absorbed company and no independent experts intervened in the merger process.

The operation was subject to the tax neutrality regime regulated by Chapter VII of Title VII of Law 27/2014 of November 27 governing the corporate income tax. As at 1 January 2020, both the transferring entity and the Company belong to the same tax consolidation group, so any tax benefits,

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

(thousands of Euro)	Book value
Intangible fixed (Note 5)	2,999
Tangible fixed (Note 6)	260
Long-term investments in group and associated companies (note 7.1)	77
Long-term financial investments	152
Deferred tax assets	1,132
Inventory	159
Trade and other receivables	2,250
Short-term investments in group companies and associates	37
Short-term financial investments	755
Cash and cash equivalents	582
Long-term provisions	(515)
Other long-term payables	(48)
Deferred tax liabilities	11
Short-term provisions	(493)
Short-term payables	(235)
Short-term payables to group companies and associates	(1,571)
Trade and other payables	(2,961)
Net total	2,591
Participation costs	(1,383)
Difference recorded in Equity Instruments	126
Difference recorded in non-current provisions	(181)
Difference recognised in Reserves (note 12)	1,153



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The last Balance Sheet closed by the transferring entity corresponds to 31 December 2019 and is shown below:

ASSETS	2019	LIABILITIES	2019
NON-CURRENT ASSETS	4,620	NET EQUITY	2,591
Intangible fixed	2,999	Shareholders' Equity	
Tangible fixed	260	Capital	2,693
Long-term investments in group companies and associates	77	Reserves	-2,132
Long-term financial investments	152	Profit/(loss) for the business year	2,030
Deferred tax assets	1,132	NON-CURRENT LIABILITIES	552
CURRENT ASSETS	3,783	Long-term provisions	515
Inventory	159	Other long-term payables	48
Trade and other receivables	2,250	Deferred tax liabilities	-11
Short-term investments in group companies and associates	37	CURRENT LIABILITIES	5,260
Short-term financial investments	755	Short-term provisions	493
Cash and miscellaneous cash equivalents	582	Short-term payables	235
		Short-term payables to group companies and associates	1,571
		Trade and other payables	2,961
TOTAL ASSETS	8,403	TOTAL LIABILITIES	8,403

2019

On 28 June 2019, the Shareholders' General Meetings of FCC Aqualia, SA and Aguas de Alcaidesa S.L.U. approved the merger by absorption of the latter, as a company absorbed by the former. Prior to this operation, the Company directly controlled 100% of the shares of Aguas de Alcaidesa S.L.U., an entity that was dedicated to the supply of drinking water and sanitation and purification in the wastewater sectors in the municipality of San Roque, province of Cádiz (Spain).

The merger by absorption operation was registered in the Mercantile Registry on 25 October 2019 under the terms that resulted from the Common Merger Project drawn up and signed by the members of the respective administrative bodies on 20 June 2019. This operation has involved the dissolution without liquidation of the absorbed, as of said date, and with it the block transfer of the assets of Aguas de Alcaidesa, S.L.U. in favour of FCC Aqualia, SA, being the Company subrogated in all rights and obligations of the absorbed.

Since the merger is included in the concept of absorption of fully investee companies, the simplified procedure has been followed in accordance with article 49 of Law 3/2009 on Structural Modifications, not requiring a capital increase in the absorbent company, the regulation of the exchange procedure, nor the intervention of independent experts.

In the same way, since it is a merger between Group companies, the date after which the operations of the absorbed companies was considered to be completed for accounting purposes by the acquiring company was 1 January 2019. Given that it was a merger between the parent company (FCC Aqualia, SA) and an affiliate (Aguas de Alcaidesa, S.L.U.), the assets acquired were valued at the amount that corresponded to them, once the operation had been completed, in the consolidated annual accounts of the subgroup according to the Rules for the Formulation of Consolidated Annual Accounts, governed by the Commercial Code.

The operation was subjected to the tax neutrality regime regulated by Chapter VII of Title VII of Law



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27/2014 of November 27 governing the corporate income tax. As at 1 January 2019, both the transferring entity and the Company belong to the same tax consolidation group, which is that of FCC Aqualla, S.A. for which the tax benefits are transferred from the extinguished company to the Company.

The book value of the assets and liabilities of Aguas de Alcaidesa, S.L.U. incorporated on the date of the merger, 1 January 2019, was as follows:

(thousands of Euros)	Book value
Intangible fixed (Note 5)	1,465
Tangible fixed (Note 6)	56
Long-term financial investments	30
Trade and other receivables	703
Short-term investments in group companies and associates	488
Cash and cash equivalents	16
Other long-term payables	(22)
Trade and other payables	(1,661)
Net total	1,075
Participation costs	(1,200)
Difference assigned to Intangible Fixed and Non-Current Assets (note 5)	210
Recognised difference in liabilities due to deferred tax	52
Difference recognised in Reserves (note 12)	83

The last Balance Sheet closed by the transferring entity corresponds to 31 December 2018 and is shown below:

ASSETS	2018	LIABILITIES	2018
NON-CURRENT ASSETS	1,551	NET EQUITY	1,075
Intangible fixed	1,465	Shareholders' Equity	
Tangible fixed	56	Capital	576
Long-term financial investments	30	Reserves	463
		Profit/(loss) for the business year	36
CURRENT ASSETS	1,207	NON-CURRENT LIABILITIES	22
Trade and other receivables	703	Other long-term payables	22
Short-term investments in group companies and associates	488	CURRENT LIABILITIES	1,661
Cash and miscellaneous cash equivalents	16	Trade and other payables	1,661
TOTAL ASSETS	2,758	TOTAL LIABILITIES	2,758

NOTE 3. DISTRIBUTION OF PROFIT

The proposed distribution of profit for the 2020 business year that will be submitted for approval by shareholders at the Annual General Meeting is as follows:



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PROPOSED DISTRIBUTION OF PROFIT <i>(Amounts in thousands of euros)</i>	
Profit for the business year	112,365
Distribution:	
To dividends	60,000
To voluntary reserves	52,365

NOTE 4. REGULATIONS FOR RECORDING AND ASSESSMENT

The main rules for registration and appreciation used by the Company when preparing its financial statements for the 2020 business year, in accordance with the accounting policies and standards laid down in the Spanish Commercial Code and included in the General Accounting Plan, in addition to other company law in effect at the reporting date, were as follows:

4.1. Intangible fixed and non-current assets

As a general rule, intangible fixed and non-current assets are initially valued at acquisition price or production costs. It is then valued at cost, at cost less any accumulated amortisation and any accumulated impairment losses.

a) Intangible assets due to concession agreements.

Concession contracts are agreements between a public sector grantor and the Company to provide public services for the distribution of drinking water, the construction and operation of hydraulic infrastructure and others. Revenue from providing the service may be received directly from the users or, occasionally, through the concession grantor itself, which regulates the prices for providing the service.

The concession right generally means that the concessionary company has an exclusive right to provide the service under the concession for a specific period of time, after which the infrastructure corresponding to the concession and required to provide the service reverts to the concession grantor, generally with no compensation. Concession contracts are required to provide for the management or operation of this infrastructure. Likewise, a common characteristic is the existence of obligations to acquire or build all the items required to provide the concession service over the contract term.

The above mentioned concession agreements are registered pursuant to Order EHA/3362/2010 of 23 December, approving the rules for adapting the General Accounting Plan to concessionary companies for public infrastructures.

The Company registers as "Intangible assets under concession arrangements" all the infrastructures built, improved or acquired by the Company as concessionary company to provide a public service associated with a concession contract. Recognition of an Intangible Asset occurs in those cases in which, pursuant to the above-mentioned rule, the Company is entitled to charge a tariff to the users of the public service, based on the use that they make of this service, and whereby the concessionaire assumes the demand risk. The fact that the granting entity controls the physical use that should be made of such infrastructure, the way in which the service



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is provided and its price leads to such infrastructure being recognised as an intangible fixed and non-current asset and not as a tangible fixed and non-current asset.

It is initially valued at the fair value for the service provided, equivalent to the acquisition or production costs, plus the margin for the construction of the infrastructure. This value is recovered during the lifecycle of the agreement, through the entitlement to collect a tariff from service users based on the degree of use of this infrastructure.

Provisions for dismantling, withdrawal or rehabilitation, and any steps taken to improve or increase capacity, whose revenue is envisaged in the initial contract, will also be registered as increased value at the start of the concession and the amortisation of these assets and the financial update of these provisions will be attributed to profit/loss during the lifecycle of the contract. Also, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred.

For those elements under this epigraph that require construction periods exceeding one year, the Company will capitalise any borrowing costs incurred before the assets are made available for use and charged by the supplier or relate to loans or other specific or general-purpose borrowings directly attributable to the acquisition or manufacture of the assets.

The Company also registers under "Administrative concessions" the amounts contributed under the technical specifications and committed to when signing of the concession contracts, together with other costs incurred to obtain water supply and sanitation service concessions.

They are linearly amortised during the lifecycle of the concession, and no significant differences exist between the amount calculated in this way and that obtained based on the cubic metres of water produced under the contracts operated by the Company.

At the close of the business year, the rates of impairment identified in certain Intangible Assets included under this epigraph were adjusted and the Administrators consider that the recoverable value of the Company's remaining assets is greater than their book value.

From the time the assets become operational, the financial costs for the business year are assigned to profit and loss in proportion to expected income envisaged in the Company's Economic and Financial Plan.

The proportion of projected income for each business year will be calculated in relation to the amount it represents with respect to total income. This proportion is applied to total projected finance costs during the concession term, to determine the amount thereof to be allocated in each business year as a financial cost for the year. If actual income for the business year exceeds projected income, the proportion will be calculated between actual income and the aforementioned total projected income.

The difference between the total financial costs for the business year and the financial costs allocated to the income statement are capitalised as deferred financial costs.



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b) Commercial fund.

The Company includes the commercial fund that appeared in the 2002 business year as a result of the Company's merger by absorption with a number of its subsidiaries under this heading.

After initial recognition, the commercial fund is valued at its acquisition cost, less any accumulated amortisation and where applicable, any accumulated impairment loss allowances recognised, in accordance with the method detailed in Note 4.3. Pursuant to the applicable regulations, the useful life of the commercial fund was set at 10 years, and it is amortised on a straight-line basis.

Furthermore, value impairment is verified each year or more frequently if there are signs of any potential loss of value for the asset. For this purpose, the commercial fund arising from the business combination referred to above is assigned to the Company as a whole, as a Cash Generating Unit (CGU), which is that which is expected to benefit from the synergies of the combination.

Until the end of the business year on 31 December 2015, and in accordance with the Spanish Limited Liability Companies Law in force at that time, when distributing profit for each business year, the Company had to set up a restricted reserve equivalent to the commercial fund included on the asset side of the balance sheet, allocating an amount of profit representing at least 5% of the value of the commercial fund. If no profit was reported, or if the profit reported was insufficient, unrestricted reserves had to be used for this purpose.

In accordance with the amendments made to the Spanish Limited Liability Companies Law 22/2015 of 20 July governing Account Auditing, for business years beginning on or after 1 January 2016, the Company must interrupt contributions to this commercial fund reserve, and any amount that exceeds the commercial fund included on the asset side of the balance sheet must be reclassified to voluntary reserves, and will be made available as from this business year. No amount was reclassified to Voluntary Reserves in 2019 or in 2020.

c) Computer applications.

"Computer applications" includes the costs incurred in the acquisition of computer programmes and they are amortised over a maximum period of five years. Maintenance costs are recorded in the income statement for the business year in which they are incurred.

d) Research and development costs.

They are initially valued at price of acquisition or production costs when the Company has performed research and development work. They are recognised on an individual basis and are only capitalised when there are founded expectations of the project's technical success and economic profitability.

These costs are linearly amortised over the useful life of the project and, in any case, over a maximum term of five years.

4.2. Tangible fixed and non-current assets

Tangible fixed and non-current assets are initially valued at acquisition or production cost when the Company



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has performed in-house work on its fixed and non-current assets, and are subsequently reduced by accumulated depreciation and any impairment losses, where applicable, in accordance with the method detailed in Note 4.3. At the close of the business year, none of the Company's tangible fixed and non-current assets showed any indications of impairment. As the Company's administrators consider that the recoverable value of these assets is greater than their carrying amount, no provisions have been recorded for impairment losses.

Upkeep and maintenance costs relating to the different elements included in tangible fixed and non-current assets are assigned to the Income Statement in the business year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

For fixed and non-current assets that necessarily take a period of more than twelve months to become ready for their intended use, the capitalised costs include such borrowing costs as might have been incurred before the assets became ready for their intended use and which have been charged by the supplier or relate to loans or other specific-purpose or general-purpose borrowings directly attributable to the acquisition or production of the assets.

Work done by the Company to build its fixed and non-current assets is recognised at the cumulative cost arising from the sum of external and internal costs, determined with respect to the in-house consumption of input materials, direct labour and manufacturing overheads calculated using absorption rates similar to those applied to measure the value of inventories.

The Company linearly amortises its tangible fixed and non-current assets, applying annual amortisation percentages based on the years of estimated useful life of the assets, detailed as follows:

YEARS OF ESTIMATED USEFUL LIFE	
Buildings	33 – 50
Technical installations and machinery	10 – 25
Other installations, tools and furniture	7 – 10
Other tangible fixed and non-current assets	4 – 6

4.3. Impairment of non-financial assets

The Company evaluates indications of possible value impairment on non-financial assets subject to amortisation or depreciation to verify whether the book value of these assets exceeds the recoverable amount, which is the higher between fair value less costs to sell and value in use.

Impairment losses are recognised in the income statement under "Impairment and profit/loss for disposal of fixed and non-current assets".

To calculate the recoverable amount of the assets subject to impairment tests, the present value of the net cash flows originating from the Cash Generating Units (CGUs) associated therewith was estimated, except those flows related with payments or collections on financing and income tax payments, together with those that arise from



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future improvements or remodelling envisaged for the assets belonging to such Cash Generating Units. To update cash flows, a pre-tax discount rate was used, which includes the current market assessments of the time value of money and the risks specific to each Cash Generating Unit.

The estimated cash flows were obtained from the projections made by the management of each CGU which, in general, involve five-year periods, except when the characteristics of the business advise longer periods. In this regard, to calculate the recoverable value of the Group's concession assets, the remaining concession term for the concessions is taken into account, and only if the Group has contractual remuneration commitments likely to materialise will additional extensions be considered. Furthermore, growth rates are included, supported by different business plans approved and frequently reviewed, taking into account zero growth rates for those periods beyond the business years projected in the above mentioned plans. Also, it is necessary to indicate that sensitivity analyses are performed to assess the growth of Income, operating margins, and discount rates, in order to foresee the impact of future changes in these variables.

At the end of each reporting period, the Company determines whether there is any indication that a value impairment recognised in previous business years may no longer exist or may have decreased. Losses through value impairment corresponding to the commercial fund are not reversible. Impairment losses on the remaining assets are reversed only if there is a change in the estimates used to determine the recoverable amount of the asset.

The reversal of a value impairment loss is recorded as a credit in the income statement. Nevertheless, the reversal of a loss may not increase the carrying amount of the asset above the carrying amount that it would have had, net of amortisation, had the impairment not been recognised.

Once the valuation adjustment for impairment or its reversal has been recognised, amortisations for the subsequent business years are adjusted taking the new book value into account.

In spite of the above, if the specific circumstances of the assets make it clear that there is an irreversible loss, it is recognised directly in the income statement, under losses on fixed and non-current assets.

4.4. Leases

Leases are classified as financial leases whenever their terms imply that all the inherent risks and benefits for the ownership of the leased asset have been substantially transferred. At 31 December 2020, the Company had signed an agreement of this type, and the directors did not consider that such fact would have a significant impact on the Company's accompanying financial statements.

Operating leases

Expenses arising from operating leases are recorded in the income statement for the business year in which they are incurred.

Any payment received or made on entering into an operating lease is considered as an advanced payment received or made and will be assigned to the income statements over the lease term in accordance with the profits for the leased asset being transferred or received.

4.5. Financial Instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument, in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

4.5.1 Financial assets

Classification

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

- **Loans and receivables:** financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which did not arise from the ordinary course of business but are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.
- **Investments in Group companies, associates and jointly controlled entities:** Group companies are considered to be those over which the Company has control, while associates are those in which the Company exercises significant influence. In addition, jointly controlled companies are those over which, pursuant to an agreement, joint control is exercised with one or more partners.
- **Financial assets held for trading:** assets acquired for the purpose of sale in the short term or that form part of a portfolio for which there is evidence of a recent pattern of transactions having that same purpose.

Initial appreciation

Financial assets are initially recorded at the fair value for the consideration given plus directly attributable transaction costs.

From 1 January 2010 onwards, for equity investments in Group companies that grant control over the subsidiary, the fees paid to legal advisers or other professionals involved in the acquisition are assigned directly to the income statement.

In the concession arrangements, the consideration received by the Company will lead to the recognition of a financial asset, when it has unconditional entitlement to receive a certain amount in exchange for the services that it provides, that is, when the Company does not assume the demand risk and, therefore, its income does not depend on the use made by the users of the public service.



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Subsequent appreciation

Loans, receivables and investments held until maturity are valued at amortised cost.

Investments in Group companies, associates and jointly controlled entities are valued at cost net, where appropriate, of any accumulated impairment losses. The impairment loss is calculated as the difference between the carrying amount and the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows arising from the investment. The investee's equity is taken into consideration, corrected for any implied gains at the appreciation date (including the commercial fund), unless better evidence of the recoverable amount of the investment is available.

Financial assets held for trading are valued at fair value and the result of any variation in this fair value is recorded in the Income statement.

At least at the close of the business year, the Company tests its financial assets not recorded or impairment. It is considered that impairment is evidenced by the fact that the recoverable amount of the financial asset is less than its book value. When an impairment arises, it is recorded in the statement of profit and loss.

Specifically, and with regard to value adjustments made to trade and other receivables, the Company calculates the corresponding value adjustments as follows:

- Private clients with balances due for over one year are provisioned in full.
- Private clients with balances due for under one year are provisioned in a percentage calculated on the basis of historical bad debts.
- Public clients are provisioned based on a specific analysis.

4.5.2. Cancellation of financial assets.

The Company cancels a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and all the risks and benefits corresponding to ownership of the financial asset have also been substantially transferred, such as in the case of confirmed asset sales, assignment of trade receivables in "factoring" operations in which the Company does not retain any credit or interest rate risk, and sales of financial assets under repurchase agreements at fair value.

Nevertheless, the Company does not cancel financial assets and recognises a financial liability for an amount equal to the consideration received in transfers of financial assets in which it substantially retains all the risks and benefits of ownership, such as the discounting of bills, recourse factoring, sales of financial assets with repurchase agreements at a fixed price or at a sales price plus interest or another type of guarantee that substantially absorbs all of the expected losses.

4.5.3. Financial liabilities

Financial liabilities are included in the purchase ledger and represent accounts payable by the Company that have



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arisen from the purchase of goods or services in the normal course of the Company's business and those which, while not having commercial substance, cannot be classed as derivative financial instruments.

Debts and payables are initially valued at the fair value of the consideration received, adjusted for directly attributable transaction costs. Subsequently, these liabilities are valued at their amortised cost.

The Company writes-off financial liabilities when the obligations that had caused them are extinguished.

4.6. Inventory

Inventories are valued at the lower of acquisition or production cost or net realisable value. Trade discounts, rebates, other similar items and interest included in the nominal amount for the payables are deducted when determining the acquisition cost.

Production cost includes the costs of direct materials and, where applicable, direct labour costs and manufacturing overheads incurred.

Net realisable value represents the estimated selling price minus all the estimated costs to complete its manufacture plus the costs that will be involved in the marketing, selling and distribution processes.

The Company makes the appropriate adjustments to value, recognising them as an expense in the income statement when the purchase price or production cost of inventories exceeds the net realisable value.

4.7. Foreign currency transactions

The Company's functional currency is the euro. Consequently, transactions in currencies other than the euro are considered to be denominated in foreign currency and are translated at the exchange rates prevailing at the transaction date.

At the close of the business year, monetary assets and liabilities held in foreign currencies are converted at the exchange rate at the balance sheet date. Exchange gains or losses are recognised directly in the statement of profit or loss for the business year in which they occur.

Likewise, financial instruments in the equity of Group companies in foreign currency whose purchase was financed with loans in the same currency, were converted at the exchange rate applicable at the close of the business year.

4.8. Income tax on profits

Income tax expense (on profits) consists of current tax expense (tax revenue) and deferred tax expense (deferred tax revenue).

Current tax is the amount of taxes the Company pays as a result of income tax settlements for a business year. These tax settlements take into account the permanent differences between taxable profit and accounting profit. Tax credits and other tax benefits, excluding tax withholdings and payments on account, and tax loss



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carryforwards from previous business years effectively utilised in the current business year, reduce the current tax expense.

Deferred tax expense or income corresponds to the recognition and settlement of deferred tax assets and liabilities. These include temporary differences, measured at the amount expected to be payable or recoverable, between the carrying amounts of assets and liabilities and their tax bases, as well as unused tax losses and unused tax credits. These amounts are measured by applying to the corresponding temporary difference or tax asset the tax rate at which the asset is expected to be realised or the liability is expected to be settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of commercial funds or of other assets and liabilities in a transaction that does not affect either accounting profit/(loss) or taxable profit/(loss) and is not a business combination.

Deferred tax assets are only recognised to the extent that it is probable that the Company will have taxable profit available in the future against which the deferred tax assets can be applied.

Deferred tax assets and liabilities arising from transactions directly charged or credited to equity accounts are also entered into accounts with a charge or credit, respectively, in net equity.

Recorded deferred tax assets are reassessed when accounts are closed and the appropriate adjustments are made where there are doubts as to their future retrieval. Deferred tax assets not recorded in the balance sheet are also reassessed at the end of each reporting period, and are recognised to the extent it is likely they will be recovered through future tax benefits.

Deferred tax assets and liabilities are recognised in the balance sheet as non-current assets or liabilities, irrespective 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. mentioned in Note 1, from 28 September 2018, the Company ceased to form part of the consolidation tax group 18/89 headed by FCC and taxed, with regard to corporate income tax, in accordance with the Special Tax Consolidation Regime, envisaged in article 64 and subsequent articles of Consolidated Legislative Royal Decree 4/2004, of 5 March.

Since 13 February 2019, although effective on 1 January in the same year, the Company has been the parent company of Fiscal Group 233/19. Since this date, corporate income tax expenses for companies filing consolidated tax returns is determined by taking into account both the parameters to be considered for individual returns detailed above as well as the following:

- Temporary and permanent differences as a result of the elimination of results for intra-group transactions, arising from the calculation of the consolidated tax base.
- Tax relief and tax credits that relate to each company of the tax group under the regime of consolidated tax returns; for these purposes, tax relief and tax credits are recognised by the company that carried out the activity or obtained the income necessary to obtain the right to receive the tax relief and tax credit.



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- With regard to tax payables originating from any of the Group companies and that have been set off by the other companies in the consolidated Group, a reciprocal credit and debit arises between the companies to which they are attributable and the companies in which they have been set off. If a tax loss cannot be set off by the other companies in the consolidated Group, these tax assets for losses eligible for set off are recognised as deferred tax assets, following the methods established for their recognition, and the tax group is considered to be the taxpayer.
- The Group's Parent Company recognises the total to be paid (refunded) for consolidated corporate income tax with a charge (credit) to sales ledgers from (payable to) Group companies and associates.
- The amount of the receivable (payable) relating to subsidiary companies is recorded with a credit (charge) to sales ledgers from (payable to) Group companies and associates.

Following the above mentioned sales transaction, FCC Aqualia ceased to form part of the consolidated tax group headed by Fomento de Construcciones y Contratas. As a result of the above, the tax loss and outstanding tax credit carryforwards, together with outstanding temporary differences, must be reassigned to the Company that generated them. Accordingly, at 31 December 2018, the corporation tax expense or tax revenue for each company belonging to the FCC Aqualia Group was calculated individually and comprised the part relating to current tax expense or revenue and the part relating to deferred tax expense or revenue.

In this context, each company revalued deferred tax assets and liabilities in accordance with the new situation and separately recorded the corporate income tax balance payable for the 2018 business year with the Tax Authorities.

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

Deferred tax assets are recognised to the extent that it is considered probable that the Group will have taxable profits in the future against which the deferred tax assets can be utilised.

At each year end recognised deferred tax assets are reassessed and all appropriate adjustments are made to the extent that there are any doubts regarding future recovery. Likewise, unrecognised deferred tax assets not accounted for in the consolidated balance sheet at each reporting close are recognised to the extent it is likely they will be recovered through 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 payment or settlement, without discounting them to present value in any case.

4.9. Provisions and contingencies

In preparing the financial statements, the Company's Administrators make a distinction between:



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- Provisions: creditor balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources will be required to settle the obligation, which is uncertain as to its amount and/or timing.
- Contingent liabilities: possible obligations arising from past events, the materialisation of which will be confirmed only by the occurrence or non-occurrence of one or more future events not within the control of the Company.

Financial statements include all the provisions in relation to those for which it is estimated that the probability that the obligation will have to be met is greater than otherwise. Contingent liabilities are not recognised in the financial statements, but rather are disclosed in the notes to the review, depending on whether or not they are considered remote.

Provisions are valued at the present value of the best possible estimate of the amount necessary to cancel or transfer the obligation, taking into account the information available regarding the event and its consequences, and recognising those adjustments that arise from the update of those provisions as a financial expense as they accrue.

4.10. Revenue and expenses

Revenue from sales is recognised when the inherent risks and benefits of ownership of the goods sold have been transferred to the buyer, and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the rendering of services is recognised taking into account the degree of completion of the transaction at the balance sheet date always providing the result of the transaction can be reliably estimated.

Interest received on financial assets is recorded using the effective interest method and dividends when the shareholder's right to receive them is declared. In any event, interest and dividends on financial assets accruing after the date of acquisition are recognised as revenue in the income statement.

Revenue mainly comprises the following items:

- In water supply agreements, the Company recognises as income the amount corresponding to the cubic metres supplied to subscribers valued at the sales price. This sales price is established for each agreement, based on the rates approved by each municipality, published in the Official Gazettes of the respective province. In relation to the cubic metres supplied, the Company makes frequent readings of its subscribers' consumption. At each accounting closure, the Company assesses the unbilled revenue from water supplies up to the date of the balance sheet for the recognition of "Completed output pending certification" under the "Client receivables for sales and services" epigraph. For quantification purposes, it takes into consideration the cubic metres consumed by each subscriber from the date of the last invoice until the date of the last meter reading performed, where appropriate. Likewise, remaining consumption is estimated based on the available information for comparable historical periods between the dates of the last metre reading and the accounting closure.
- Sale of works and services. This includes the amount corresponding to the construction works and activities



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performed by the Company relating to the provision of the end-to-end water cycle in those municipalities in which it was a successful bidder. The amount of the sale is calculated by applying the percentage of completion method, which consists of valuing, at the sales price established in the contract, the works units completed in the period while accounting for the expenses incurred. The difference between the amount of output and the amount billed up to the balance sheet date is recognised as "Completed output pending invoicing" under the "Clients by sales and service provided" epigraph or as "Work certified in advance" under the "Trade and other accounts payable" epigraph.

- Dividends obtained from investments in equity instruments in Group companies and associates and interests in joint ventures. In accordance with Consultation 2 of BOICAC 79 (Official Gazette of the Spanish Accounting and Audit Institute), it is considered that the dividends obtained from equity instruments in Group companies and associates form part of "Net Revenue", since share ownership is an ordinary activity for the Company. Likewise, any distribution of available reserves will be classified as a "profit distribution" operation and, consequently, will lead to the recognition of an income in the partner, provided that, from the acquisition date, the investee or any group company owned by the latter has generated profits for an amount greater than the equity that is distributed. The judgment on whether profits have been generated by the investee shall be made exclusively on the basis of the profits recorded in the individual profit and loss account from the date of acquisition, unless undoubtedly the distribution charged to said profits must be classified as a recovery investment from the perspective of the entity receiving the dividend.

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

4.11. Termination benefits

Under current Spanish legislation, the Company is required to pay compensation for dismissal to employees terminated under certain conditions. Therefore, compensation for dismissal that can be reasonably quantified is recognised as an expense in the business year in which the decision to terminate the employment relationship is taken. The accompanying financial statements do not include any provision in this connection, since no situations of this nature are expected to arise.

4.12. Grants

The Company applies the following criteria when accounting for grants received:

a) Non-repayable grants:

They are recognised under Net Equity and are valued at the fair value of the amount or asset granted, depending on whether they are monetary or non-monetary grants. They are then assigned to income over the same period and in the proportions in which depreciation on those subsidised assets is charged or, where appropriate, when the assets are disposed of or impaired, except for those received from partners or owners, which are recorded directly in shareholders' equity and are not considered to be income.

b) Operational grants:



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These grants are taken to income when they are awarded, except if they are granted to finance operating losses in future business years, in which case they are recognised in those business years. Grants awarded to finance specific expenses are recognised as income when the financed expenses are accrued.

4.13. Joint ventures

The Company accounts for its joint venture contracts (Uniones Temporales de Empresas) or JVs by recognising its corresponding proportional share in the balance sheet, based on its shareholding, in the assets that it controls jointly and its proportional share of the liabilities incurred. The corresponding portion of the income and expenses accrued by the jointly exploited contract is also recorded in the income statement, and the statement of changes in net equity and the cash flow statement include the proportional fraction of the amounts for the corresponding entries in the joint contract.

The amounts contributed by the JVs to the Company's balance sheet and income statement are reflected in each of the Notes that comprise this review.

4.14. Related party transactions

The Company undertakes all transactions with related parties at market values. In addition, as transfer prices are adequately documented, the Company's directors consider that there are no significant risks that could give rise to material liabilities in the future.

In mergers and business spin-offs, the acquired items are generally valued at their post-transaction book value in the consolidated annual accounts. The differences that arise are recorded in reserves.

4.15. Business procedures with an effect on the environment

The Company undertakes activities designed mainly to prevent, reduce or repair any damage to the environment that may be caused by its activities.

Expenses related to environmental activities are recognised as operating expenses in the business year in which they accrue.

Those items that may be included in the Company's assets, are for long-term employment in the Company's operations and whose main purpose is to minimise environmental impact and to protect and improve the environment, are recorded as tangible fixed and non-current assets.

Also, the Company makes provisions for environmental activities when it learns of the existence of expenses arising in the business year or in prior years, clearly specified with respect to their nature but uncertain as to their amount or date. These provisions are made on the basis of the best estimate of the expense required to meet the obligation, considering the financial effect if it is significant.

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

The Company distinguishes between current and non-current assets and liabilities in the balance sheet. For these purposes, current assets and liabilities are those that meet the following criteria:

- Assets are classified as current when they are expected to be realised in, or are intended for sale or consumption in the Company's normal operating cycle, they are held primarily for the purpose of being traded, they are expected to be realised within twelve months of the date for the closure of accounts or when they involve cash or cash equivalents, unless they are restricted from being exchanged or used to settle a liability for at least twelve months after the date for the closure of accounts. Otherwise, they are classified as non-current.
- Liabilities are classified as current when they are expected to be settled within the Company's normal operating cycle, when they are held primarily for the purpose of being traded, they are due to be settled within twelve months after the date for the closure of accounts, or the Company does not have an unconditional right to defer settlement of the liability within twelve months following the date for the closure of accounts. Otherwise, they are classified as non-current.

4.17. Cash flow statement

The following terms are used in the cash flow statement:

- Cash flows: inflows and outflows of cash and cash equivalents.
- Cash flows from operating activities: payments and collections of the Company's principal revenue-producing activities and other activities that are not investing or financing activities.
- Cash flows from investment activities: payments and collections arising from acquisitions and disposals of non-current assets.
- Cash flows from financing activities: payments and collections from the placement and settlement of financial liabilities, equity instruments and dividends.

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NOTE 5. INTANGIBLE FIXED AND NON-CURRENT ASSETS

5.1. Change

- a) The amounts and changes in Intangible fixed and non-current assets in the 2020 business year were as follows:

	INTANGIBLE FIXED AND NON-CURRENT ASSETS				
	<i>(Amounts in thousands of euros)</i>				
	<i>Variation between 31 December 2019 and 2020</i>				
BALANCE	(+)	(-)	(+/-)	BALANCE	
31.12.19	ADDITIONS	DERECOGNITIONS	Combination of businesses	31.12.20	
Research and development costs	5,350	2	(5,223)	-	129
Commercial Fund	82,763	-	-	-	82,763
Software applications	1,124	13	(155)	-	982
Other intangible fixed and non-current assets	11	-	-	-	11
Advances on concession arrangements	172	79	-	-	251
Concession agreements, financial capitalisation	14,639	169	(1,093)	-	13,715
Concession agreement, regulated assets	1,122,480	6,655	(5,837)	6,814	1,130,112
TOTAL COST	1,226,539	6,918	(12,308)	6,814	1,227,963
Research and development costs	(5,342)	(9)	5,223	-	(128)
Commercial Fund	(33,106)	(8,275)	-	-	(41,381)
Software applications	(1,072)	(26)	146	-	(952)
Concession agreement, regulated assets	(667,742)	(46,057)	5,837	(3,815)	(711,775)
TOTAL ACCUMULATED AMORTISATION	(707,262)	(54,367)	11,206	(3,815)	(754,236)
Concession agreement, regulated assets	(13,567)	(96)	843	-	(12,822)
TOTAL IMPAIRMENT LOSSES	(13,567)	(96)	843	-	(12,822)
NET TOTAL	505,710	(259)	21	2,999	460,905

Below, we explain the change for each of the items under the epigraph:

- Research and development costs

Within this heading, the Company activates the expenses incurred in R&D, mainly in projects for the use and purification of wastewater, use of smart technology in the networks and monitoring of the water cycle. In the 2020 business year, the Company wrote off the cost and accumulated amortisation of completed projects that had been fully amortised.

- Concession agreement, regulated assets.

In the 2020 business year, the Company recorded 6,655 thousand euros as additions, which correspond to the activity undertaken in Spain and mainly to the following contracts:

- Mula (Murcia) for the amount of 1,338 thousand euros for the 5-year renewal of the drinking water supply service that the Company has been providing uninterruptedly in that municipality since 1982.



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- Novelda (Alicante) for the amount of 911 thousand euros for the activation of fixed and non-current assets to be recovered in the remaining years of the contract.
- Tarifa (Cádiz) for the amount of 688 thousand euros for an investment commitment to be made in two years to improve the adduction of the Almodóvar Reservoir to the water treatment plant.
- Yepes (Toledo) for the amount of 733 thousand euros for an investment commitment to improve the municipal water reservoir through works to be undertaken in 15 years until the end of the contract. In this municipality, the Company has been providing drinking water supply and wastewater treatment services since 2011.

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

- Impairments.

During the business year, the Company allocated 96 thousand euros of impairment for the net book value of a concession in the province of Badajoz (Spain) and reversal of impairment provided in previous years for an amount of 843 thousand euros, as a result of the concession assets for which this impairment was allocated continuing to function and generate amortisation during the business year.

b) The amounts and changes in intangible fixed and non-current assets in the 2019 business year were as follows:

	INTANGIBLE FIXED AND NON-CURRENT ASSETS					
	<i>(Amounts in thousands of euros)</i>					
	<i>Variation between 31 December 2018 and 31 December 2019</i>					
BALANCE	(+)	(-)	(+/-)	(+/-)	BALANCE	
31.12.18	ADDITIONS	DERECOGNITIONS	TRANSF.	Combination of businesses	31.12.19	
Research and development costs	5,252	98	-	-	-	5,350
Commercial Fund	82,763	-	-	-	-	82,763
Software applications	1,147	25	(48)	-	-	1,124
Other Intangible fixed and non-current assets	11	-	-	-	-	11
Advances on concession arrangements	136	36	-	-	-	172
Concession agreements, financial capitalisation	15,574	202	(1,137)	-	-	14,639
Concession agreement, regulated assets	1,106,827	15,873	(4,029)	-	3,809	1,122,480
TOTAL COST	1,211,710	16,234	(5,214)	-	3,809	1,226,539
Research and development costs	(4,417)	(925)	-	-	-	(5,342)
Commercial Fund	(24,829)	(8,276)	-	-	-	(33,106)
Software applications	(1,070)	(40)	38	-	-	(1,072)
Concession agreement, regulated assets	(623,054)	(45,755)	3,201	-	(2,134)	(667,742)
TOTAL ACCUMULATED AMORTISATION	(653,370)	(54,996)	3,239	-	1,675	(707,262)
Concession agreement, regulated assets	(15,723)	-	2,156	-	-	(13,567)
TOTAL IMPAIRMENT LOSSES	(15,723)	-	2,156	-	-	(13,567)
NET TOTAL	542,616	(38,762)	181	-	1,675	505,710



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Below, we explain the change for each of the items under the epigraph:

- Research and development costs.

Under this heading, the Company recorded the R&D expenses incurred in four main projects:

- **ALL-GAS project.** This project falls within the framework of the “Algae to Biofuel” initiative of European Union Framework Programme 7. The first phase started in May 2011 and finished at the end of 2019. The project was undertaken at the Chiclana Wastewater Treatment Plant (Cadiz), and the Company leads a consortium of European companies that are making studies for the recovery of wastewater in the cultivation of microalgae and their subsequent conversion to energy products. Capitalisation amounted to 4,937 thousand euros of cost and 4,937 thousand euros of accumulated amortisation at 31 December 2019.
- **ITACA project for Research on Technologies for Treatment, Re-use and Control for the sustainability of water purification.** This project was completed in collaboration with Universidad de Alcalá de Henares (Madrid). Capitalisation amounted to 242 thousand euros of cost and 242 thousand euros of accumulated amortisation at 31 December 2019.
- **INNPRONTA-IISIS project for Energy Improvements for Resources and Research, equipment and systems for the end-to-end water cycle.** Capitalisation amounted to 29 thousand euros of cost and 29 thousand euros of accumulated amortisation at 31 December 2019.
- **ININTERCONECTA SMARTIC-Extremadura project for the development of a “System for Monitoring Water in Real Time with Smart Technology”.** Capitalisation amounted to 30 thousand euros of cost and 30 thousand euros of accumulated amortisation at 31 December 2019.
- **Other minor projects started since 2016 with 111 thousand euros capitalised in cost and 103 thousand euros in accumulated amortisation at 31 December 2019.**

- Concession agreement, regulated assets.

In the 2019 business year, the Company recorded 15,873 thousand euros as additions, which correspond to the activity undertaken in Spain and mainly for the following contracts:

- **Castrillón (Asturias) for 4,597 thousand euros** corresponding to the investment commitments to be made by the concessionaire during the concession period established by the grantor.
- **Santa Eulalia (Ibiza) for 2,719 thousand euros** for the activation of the investment commitment for the water service infrastructure modernisation plan agreed with this municipality.
- **Lloret de Mar (Gerona) for 2,222 thousand euros** as an administrative concession to be recovered in the tariffs for the end-to-end water cycle in the 12 remaining years of the contract.



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- Ávila (Ávila) amounting to 2,057 thousand euros for an investment commitment for improvements to the treatment plant in this city.
- Huéscar (Granada) for an amount of 1,145 thousand euros for the contract obtained with this municipality after the transfer made by the company Aguas y Gestión Servicios Ambientales, S.A.

As a result of the merger of Aguas de Alcaidesa (Note 2.8), the Company also incorporated additions for a net amount of 1,675 thousand euros.

- Impairments.

During the previous business year, the Company reversed the impairment accrued from previous years amounting to 2,156 thousand euros, as a result of which the concession assets for which this deterioration accrued are still operative and generating amortisation in the business year.

5.2. Balances arising from the Inclusion of JVs

The balances contributed by JVs to 31 December 2020 include 246,167 thousand euros corresponding to costs, 214,952 thousand euros corresponding to accumulated amortisation and 113 thousand euros corresponding to impairment (249,526 thousand euros corresponding to costs, 204,070 thousand euros corresponding to accumulated amortisation and 118 thousand euros corresponding to impairment to 31 December 2019).

5.3 Fully amortised items

The breakdown by epigraph is as follows:

FULLY AMORTISED INTANGIBLE FIXED AND NON-CURRENT ASSETS		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Development	127	5,183
Administrative concessions and concession agreements, regulated assets	76,018	69,369
Software applications	919	911
TOTAL	77,064	75,463

5.4 Items located outside Spain

At 31 December 2020, Intangible fixed and non-current assets located outside Spanish territory amounted to 83 thousand euros in cost and to 76 thousand euros in accumulated amortisation (90 thousand euros in cost and 77 thousand euros in accumulated amortisation at 31 December 2019).

5.5 Intangible assets under concession agreements

The concession agreements recognised as intangible assets at 31 December 2020 and 2019 can be broken down as follows in terms of cost and accumulated amortisation (amounts in thousands of euros):



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2020

Contract	Concession agreement regulated asset			Advances for A.I.A.C.	A.C.Act. Financial services	Duration
	Cost	Accum. Amt.	Impairment			
Alcalá de Henares (Madrid)	18,021	(11,199)	-	-	-	25 years
Algeciras (Cadiz)	16,294	(6,831)	-	-	-	50 years
Almansa (Albacete)	9,234	(2,644)	-	-	-	25 years
Almería (Almería)	28,617	(16,472)	-	-	-	40 years
Arcos de la Frontera (Cadiz)	11,187	(3,676)	-	-	-	25 years
Badajoz (Badajoz)	52,795	(27,554)	-	-	-	50 years
Barbate (Cadiz)	7,218	(2,474)	-	-	-	25 years
Cabezo Torres (Murcia)	6,314	(6,271)	-	-	-	40 years
Calahorra (La Rioja)	6,498	(4,902)	-	-	-	25 years
Cartaya (Huelva)	8,724	(2,442)	-	-	801	25 years
Chilpiona (Cadiz)	7,054	(4,150)	-	-	-	40 years
Denia (Alicante)	11,568	(7,425)	-	-	-	35 years
Gáldar (Gran Canaria)	13,098	(4,621)	-	-	-	25 years
Jaén (Jaén)	9,594	(7,457)	-	-	960	30 years
La Línea de la Concepción (Cadiz)	11,246	(8,694)	-	-	594	25 years
La Nucía (Alicante)	23,297	(12,776)	-	-	-	40 years
La Solana (Ciudad Real)	5,513	(2,606)	-	-	715	30 years
L'Ametlla de Mar (Tarragona)	9,008	(5,765)	-	-	-	35 years
Llanera (Asturias)	9,544	(5,571)	-	-	-	25 years
Lleida (Lleida)	49,277	(14,450)	-	-	-	25 years
Lloret de Mar (Girona)	24,774	(13,930)	(2,411)	-	-	25 years
Los Alcázares (Murcia)	8,258	(7,657)	-	-	367	20 years
Mdad. El Girasol (Toledo)	7,855	(5,540)	-	-	614	25 years
Mdad. Río Algodor (Toledo)	7,577	(2,426)	-	-	-	50 years
Mérida (Badajoz)	21,402	(14,124)	-	-	-	30 years
Moguer (Huelva)	7,413	(3,100)	-	-	-	30 years
Oviedo (Asturias)	37,077	(16,991)	(113)	-	7,226	50 years
Salamanca (Salamanca)	8,053	(4,638)	-	-	722	25 years
San Lorenzo Escorial (Madrid)	6,512	(2,613)	-	-	-	30 years
Sanlúcar de Barrameda (Cadiz)	17,263	(7,047)	-	-	-	40 years
Sant Fellu de Gubols (Girona)	6,973	(4,386)	-	-	-	50 years
Sant Josep (Balearic Islands)	10,554	(5,663)	-	-	-	28 years
Santander (Cantabria)	86,349	(50,835)	-	-	-	25 years
Sóller (Balearic Islands)	6,681	(3,434)	-	-	-	30 years
Talavera de la Reina (Toledo)	28,354	(19,700)	-	-	249	25 years
Valverde del Camino (Huelva)	6,206	(2,048)	-	-	-	25 years
Vélez-Málaga (Málaga)	7,800	(4,606)	-	-	-	20 years
Vigo (Pontevedra)	183,100	(183,100)	-	-	-	30 years
Rest	333,710	(201,957)	(10,298)	251	1,467	5 - 50 years
Total	1,130,112	(711,775)	(12,822)	251	13,715	

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2019

Contract	Concession agreement regulated asset			Advances for A.I.A.C.	A.C.Act. Financial services	Duration
	Cost	Accum. Amt.	Impairment			
Alcalá de Henares (Madrid)	18,021	(10,394)	-	-	-	25 years
Algeciras (Cadiz)	16,294	(6,473)	-	-	-	50 years
Almansa (Albacete)	9,234	(2,254)	-	-	-	25 years
Almería (Almería)	28,617	(15,460)	-	-	-	40 years
Arcos de la Frontera (Cadiz)	11,187	(3,228)	-	-	-	25 years
Badajoz (Badajoz)	52,795	(26,492)	-	-	-	50 years
Barbate (Cadiz)	7,218	(2,185)	-	-	-	25 years
Cabezo Torres (Murcia)	6,314	(5,750)	-	-	-	40 years
Calahorra (La Rioja)	6,498	(4,546)	-	-	-	25 years
Cartaya (Huelva)	8,724	(2,093)	-	-	801	25 years
Chipiona (Cadiz)	7,054	(3,827)	-	-	-	40 years
Denia (Alicante)	11,568	(7,037)	-	-	-	35 years
Gáldar (Gran Canaria)	13,098	(3,953)	(1,812)	-	-	25 years
Jaén (Jaén)	9,594	(7,124)	-	-	960	30 years
La Linea de la Concepción (Cadiz)	11,246	(8,184)	-	-	594	40 years
La Nucía (Alicante)	23,297	(11,724)	-	-	-	30 years
La Solana (Ciudad Real)	5,513	(2,446)	-	-	715	35 years
L'Ametlla de Mar (Tarragona)	9,008	(5,405)	-	-	-	25 years
Llanera (Asturias)	9,544	(5,192)	(3,333)	-	-	25 years
Lleida (Lleida)	49,277	(12,401)	-	-	-	25 years
Lloret de Mar (Girona)	24,774	(12,846)	(2,652)	-	-	25 years
Los Alcázares (Murcia)	8,258	(7,227)	-	-	367	20 years
Mdad. El Girasol (Toledo)	7,855	(5,122)	-	-	614	25 years
Mdad. Río Algodor (Toledo)	7,677	(2,101)	-	-	-	50 years
Mérida (Badajoz)	21,402	(13,378)	-	-	-	30 years
Moguer (Huelva)	7,413	(2,801)	-	-	-	30 years
Oviedo (Asturias)	37,077	(16,209)	(117)	-	7,226	50 years
Salamanca (Salamanca)	8,053	(4,069)	-	-	722	25 years
San Lorenzo Escorial (Madrid)	6,512	(2,335)	-	-	-	30 years
Sanlúcar de Barrameda (Cadiz)	17,268	(6,363)	-	-	-	40 years
Sant Feliu de Guixols (Girona)	6,967	(4,291)	-	-	-	50 years
Sant Josep (Balearic Islands)	10,554	(5,361)	-	-	-	28 years
Santander (Cantabria)	86,349	(47,370)	-	-	-	25 years
Sóller (Balearic Islands)	6,681	(3,086)	-	-	-	30 years
Talavera de la Reina (Toledo)	28,354	(18,478)	-	-	249	25 years
Valverde del Camino (Huelva)	6,206	(1,799)	-	-	-	25 years
Vélez-Málaga (Malaga)	7,800	(4,280)	-	-	-	20 years
Vigo (Pontevedra)	183,100	(175,534)	-	-	-	30 years
Rest	326,078	(188,924)	(5,653)	172	2,391	5-50 years
Total	1,122,480	(667,742)	(13,567)	172	14,639	

In these contracts, the Company undertakes the management of the end-to-end water cycle, covering all its phases:

- Capture from catchment basins or wells.
- Drinking water treatment in the Drinking Water Treatment Plants.
- Supply to all subscribers through the water network.
- Collection of wastewater through the sanitation 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, including those whereby the Public Administrations or the public law grantor awards to a concessionaire the construction and operation for a period of time, or just the operation of works susceptible to operation and required to provide public services of an economic nature. The public works forming the scope of the concession will be built and operated at the concessionaire's risk and peril, which will assume the economic risks arising from its execution and operation.

From the above, it may be concluded that the concession agreements require the existence of an infrastructure controlled by the Public Administration, which is operated by the Company within the framework of the regulations set by this Administration and which determine significant aspects such as the tariff required to recover the investment made by the concessionary company.

The definition of infrastructure includes both the works and the installations built by the Company using its own resources and those acquired from third parties, provided that they are used to provide a public service in accordance with the conditions of the concession agreement.

The intangible assets referred to in this Note are recognised as such because the Company is entitled to charge tariffs to the users of the public service, based on the use that they make of this service, whereby the concessionary company assumes the demand risk.

Furthermore, in these agreements it is an established fact that the grantor controls both the physical use that should be made of this infrastructure, the way in which the service is provided and the price.

The balance in the "Concession Agreement – Financial Capitalisation" epigraph fully relates to the deferred financial burden of the financing instrument associated with the building of concessions. (see Note 4.1.a).

As stated previously, the tariffs that the Company should charge to users of the public service are regulated by grantor. However, in these arrangements, clauses exist enabling the Company to request a rate review, should it require an economic redress.

Also, at the start of each concession the Company recognises as intangible assets the amount for investment commitments included in each contract which involve improvements to networks and infrastructures subject to concession, and which are recovered in the tariffs charged to subscribers from



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the initial date. Until the investment is actually made, the Company records these amounts in the “Provisions for action relating to infrastructure” epigraph, which is included under “Other provisions for contingencies and costs” (See Note 14).

5.6 Capitalisation of financial costs

The Company did not capitalise any financial costs under “Advances on concession agreements” either in the 2020 or the 2019 business year, accumulating an original amount of 3,836 thousand euros.

Furthermore in the 2020 business year, the Company capitalised a net amount of 924 thousand euros under “Financial capitalisation of concession agreements”, (net negative assignment of 935 thousand euros at 31 December 2019).

5.7 Commitment to acquire goods

At 31 December 2020, there were no additional commitments to those already included under “Provisions for actions relating to infrastructure” (see Note 14).

5.8 Insurance Policies

It is Company policy to take out all the insurance policies considered necessary to cover any possible risks that might affect intangible fixed and non-current assets.

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NOTE 6. TANGIBLE FIXED AND NON-CURRENT ASSETS

6.1. Change

Movement in the different tangible fixed and non-current asset accounts and the corresponding accumulated amortisation during the business year was as follows:

a) Variation in 2020

	TANGIBLE FIXED AND NON-CURRENT ASSETS (Amounts in thousands of euros)					BALANCE 31.12.20
	Variation between 31 December 2019 and 2020					
	BALANCE 31.12.19	(+) ADDITIONS	(-) DERECOGNITIONS	(+)(-) TRANSF.	(+) Additions due to business combination	
Land and buildings	4,403	-	(312)	-	240	4,331
Technical installations and other tangible fixed and non-current assets	100,493	16,443	(6,802)	3,232	886	114,252
Current fixed and non-current assets	1,976	1,510	-	(3,232)	-	254
TOTAL COST	106,872	17,953	(7,114)		1,126	118,837
Buildings	(2,099)	(82)	40	-	(239)	(2,380)
Technical installations and other tangible fixed and non-current assets	(70,968)	(6,827)	6,612	-	(627)	(71,810)
TOTAL ACCUM. AMORT.	(73,067)	(6,909)	6,652		(866)	(74,190)
NET TOTAL	33,805	11,044	(462)		260	44,647

- Additions. The Company recorded tangible fixed and non-current asset additions amounting to 17,953 thousand euros, corresponding to goods used in the contracts undertaken by the Company that are not concession contracts, together with those acquired under contracts that, despite being concession contracts, do not revert to the grantors.

- Derecognitions. They mainly correspond to fully amortised items cancelled in the balance sheet. The result recorded for the derecognition of tangible fixed and non-current assets under the "Impairment and result from disposals of fixed assets" epigraph is a loss of 37 thousand euros (at 31 December 2019, a profit of 2,756 thousand euros was obtained).

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b) Variation in 2019

	TANGIBLE FIXED AND NON-CURRENT ASSETS						BALANCE 31.12.19
	(Amounts in thousands of euros)						
	Variation between 31 December 2018 and 31 December 2019						
	BALANCE 31.12.18	(+) ADDITIONS	(-) DERECOGNITIONS	(+)(-) TRANSF.	(+) Additions due to business combination		
Land and buildings	3,507	274	-	620		2	4,403
Technical installations and other tangible and non-current assets	96,855	9,940	(6,583)	200		81	100,493
Current fixed and non-current assets	736	2,060	-	(820)		-	1,976
TOTAL COST	101,098	12,274	(6,583)	-	-	83	106,872
Buildings	(2,022)	(77)	-	-		-	(2,099)
Technical installations and other tangible and non-current assets	(72,040)	(5,216)	6,331	-		(27)	(70,952)
TOTAL ACCUM. AMORT.	(74,062)	(5,293)	6,331	-	-	(27)	(73,051)
Technical installations and other tangible and non-current assets	(22)	-	6	-		-	(16)
TOTAL IMPAIRMENT	(22)	-	6	-	-	-	(16)
NET TOTAL	27,014	6,637	(246)	-	-	56	33,805

- Additions. The Company recorded tangible fixed and non-current asset additions amounting to 12,274 thousand euros, corresponding to goods used in the contracts undertaken by the Company that are not concession contracts, together with those acquired under contracts that, despite being concession contracts, do not revert to the grantors.

- Derecognitions. They mainly corresponded to fully amortised items cancelled in the balance sheet. The recorded profit from the derecognition of tangible fixed and non-current assets in the "Impairment and profit/loss from disposals of fixed assets" epigraph was 2,756 thousand euros.

6.2 Land and buildings

At 31 December 2020, land amounted to 278 thousand euros in cost (278 thousand euros in cost at 31 December 2019).

6.3 Balances arising from the inclusion of JVs

The balances at 31 December 2020 include 7,899 thousand euros and 5,114 thousand euros corresponding to cost and accumulated amortisation contributed by the JVs, respectively (7,173 thousand euros and 4,387 thousand euros respectively, at 31 December 2019).

6.4 Fully amortised items

At 31 December 2020, fully amortised items still in use were recorded in the "Technical installations and other tangible fixed and non-current assets" epigraph, with a book value of 60,282 thousand euros (57,677 thousand euros at 31 December 2019).



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6.5 Acquisitions of fixed and non-current assets from Group companies

During the 2020 and 2019 business years, no fixed and non-current assets were acquired from Group companies.

6.6 Insurance policies

It is Company policy to take out all the insurance policies considered necessary to cover any possible risks that might affect tangible fixed and non-current assets.

6.7 Fixed and non-current asset located outside Spain

At 31 December 2020, the Company had fixed and non-current assets located outside Spanish territory amounting to 702 thousand euros in cost and 480 thousand euros in accumulated amortisation (1,106 thousand euros in cost and 459 thousand euros in accumulated amortisation at 31 December 2019).

6.8 Commitment to acquire goods

At the closure of the 2020 and 2019 business years, the Company had no commitments to acquire tangible fixed and non-current assets.

6.9 Secured assets

There are no tangible assets transferred under guarantee for Company commitments.

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

7.1 Equity Instruments

The breakdown and movements under this epigraph are as follows:

a) Variation In 2020

	EQUITY INSTRUMENTS					
	<i>(Amounts in thousands of euros)</i>					
	<i>Variation between 31 December 2019 and 2020</i>					
	BALANCE	(+)	(-)	(+/-)	(+/-)	BALANCE
	31.12.19	ADDITIONS	DERECOGNITIONS	TRANSFERS	COMBINATION OF BUSINESSES	31.12.20
Equity Instruments in Group companies	335,771	56,637	(1,985)	8,476	720	399,619
Disbursements outstanding on shares in Group Companies	(27)	(9,755)	2,703	-	-	(7,079)
Equity Instruments in Associate Companies	22,124	-	(3)	(5,127)	844	17,838
Disbursements outstanding on shares in Associate Companies	(185)	-	3	-	-	(182)
Total	357,683	40,482	718	9,749	1,564	410,196
Impairment	(35,841)	(13,311)	226	(2,749)	(1,487)	(53,162)
NET TOTAL	321,842	27,171	944	7,000	77	357,034

By heading, the main movements recorded in 2020 were as follows:

- Equity Instruments in Group Companies.
 - Addition for the amount of 20,946 thousand euros for the subscription of the capital increase made by Acque di Caltanissetta, Spa and of which an amount of 7,052 thousand euros is pending to be paid at 31 December 2020. This company undertakes its activity related to the end-to-end water cycle in the Italian province of the same name, which belongs to the region of Sicily.
 - Addition of 386 thousand euros for the acquisition from a third party of 2% of the capital stock of Aquos El Realito, a company incorporated in Mexico, for the construction, operation and maintenance of the El Realito aqueduct in San Luis de Potosí (Mexico) and in which the Company previously had a 44% share. This percentage, together with the 5.99% that Aqualia Intech, S.A. owns, promotes control over the investee and involves the transfer from "Equity instruments in joint ventures and associates" to "Equity instruments of group companies" of an amount totalling 5,127 thousands of euros.
 - Addition of 12,914 thousand euros for the acquisition from a third party of 51% of the Qatarat Saqia desalination Company, a special purpose company incorporated in Saudi Arabia for the construction



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and operation of a desalination plant in Jeddah. Within this operation, 51% of the capital stock of Haji Abdullah Alireza & Company Integrated Services, the company responsible for maintaining the plant, was also acquired from the same third party for an amount totalling 3,199 thousand euros. The collaboration agreements reached with that third party for these two purchase and sale operations includes the concession of financing to both companies in proportion to our participation in them and which totals 5,357 thousand euros (see note 7.2) and also the withholding made on the payment for the purchase amount totalling 4,294 thousand euros (see note 15.4) pending compliance with the suspension conditions established in the agreements.

- Addition of 10,877 thousand euros for the incorporation and subsequent capital increase of the company Aqualia Latinoamérica, SA E.S.P., a company with headquarters in Colombia whose corporate purpose is the provision of household public services for the conduction of water, sewerage and water cleaning and in which the Company owns 94% of the capital stock. The incorporated company has reached agreements with operators and local authorities for water contracts to become the transferee for these services and to be able to provide the service in the municipalities that were providing them.
- Addition of 665 thousand euros for 100% of the paid up capital in the incorporation of the company Aqualia Villa del Rosario S.A.S. ESP, whose head office is located in Villa del Rosario, department of Norte de Santander (Colombia) and whose corporate purpose is the provision of the public water supply and sewerage service in this municipality.
- Addition of 1,251 thousand euros to the company Aqualia Portugal and 6,400 thousand euros to the companies AquaElvas and Aquafundalia. Aqualia Portugal was initially incorporated with a capital of 50 thousand euros paid up by FCC Aqualia, S.A. Capital increases were subsequently made in AquaElvas and Aquafundalia for an amount totalling 3,110 thousand euros and 3,290 thousand euros respectively, through the capitalisation of credits previously granted by the Company. The Company then made a non-monetary contribution to Aqualia Portugal for the stakes it had in AquaElvas and Aquafundalia for an amount totalling 3,512 thousand euros and 3,800 thousand euros respectively. In addition to the above and in order to record the operation for the same amount that appears in the consolidated statement, the Company recorded an amount of 1,201 thousand euros as the higher value for the participation, being the same value recorded at the end of the business year for an amount totalling 8,563 thousand euros.
- Addition of 0.004 thousand euros for the acquisition from a third party of a share representing 0.0018% of the capital stock of Ecosistema de Morelos, where Aqualia México, S.A. de C.V. was the purchaser of the remaining percentage of the capital. Ecosistema de Morelos is a company whose corporate purpose is the construction, operation and maintenance of the Acapatzingo wastewater treatment plant in Cuernavaca de Morelos (Mexico).
- Cancellation amounting to 1,383 thousand euros due to the business combination undertaken during the business year with its subsidiary Agua y Gestión Ciclo Integral S.L.U. of which it owned 100% of the capital (see Note 2.8).
- Cancellation of 461 thousand euros in the participation of Aigues de Vallirana, S.A.U. and 141 thousand



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euros in the participation of Sociedad Española de Aguas Filtradas, SA for the distribution of reserves approved by both subsidiaries corresponding to amounts prior to the acquisition of both companies by FCC Aqualla.

- Transfer of 3,349 thousand euros in cost and 2,749 thousand euros in impairment due to the contribution of partners through the capitalisation of an existing loan to FCC Aqualla América, S.A.U. In order to restore the equity balance of the company. Its main activity is holding a stake in a subsidiary in the United States.
- Equity instruments in Associate Companies.
 - Cancellation of 3 thousand euros due to the settlement made in December 2020 for the Tordera Economic Interest Group (EIG), which was responsible for the construction and operation of the desalination plant in the town of Tordera and whose contract has ended.
 - Transfer amounting to 5,127 thousand euros to equity instruments in Group companies for the reclassification of the Company's share in Aquos El Realito, as commented above.
- Impairment
 - Impairment amounting to 13,310 thousand euros in subsidiaries that are water contract concessionary companies with a defined lifecycle.

b) Variation in 2019

	EQUITY INSTRUMENTS				BALANCE 31.12.19
	<i>(Amounts in thousands of euros)</i>				
	Variation between 31 December 2018 and 31 December 2019				
	BALANCE 31.12.18	(+) ADDITIONS	(-) DERECOGNITIONS	(+/-) TRANSFERS	
Equity Instruments in Group companies	259,390	69,273	(1,200)	8,308	335,771
Disbursements outstanding on shares in Group Companies	(27)	-	-	-	(27)
Equity Instruments in Associate Companies	29,029	7,080	(490)	(13,495)	22,124
Disbursements outstanding on shares in Associate Companies	(185)	-	-	-	(185)
Total	288,207	76,353	(1,690)	(5,187)	357,683
Impairments	(30,052)	(5,789)	-	-	(35,841)
NET TOTAL	258,155	70,564	(1,690)	(5,187)	321,842

By heading, the main movements recorded in 2019 were as follows:

- Equity instruments in Group Companies.
 - Addition amounting to 28,859 thousand euros for the acquisition of 49% of the capital of Aquajerez, S.L.



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FCC Aqualia previously had a 51% share in this company, so the purchase in this business year has increased the share from 51% to 100%. Aquajerez's corporate purpose is the operation under administrative concession of the water supply, sewerage and purification services in the municipality of Jerez de la Frontera (Cadiz) in accordance with the administrative concession granted by the said municipality. The agreement for the sale of 49% of the capital stock with the previous shareholder involved the transfer of the equity participation loans assigned by this shareholder to FCC Aqualia, which also held 100% of the equity participation loans granted to Aquajerez.

- Addition amounting to 31,655 thousand euros for the acquisition of 100% of SPI Environment with headquarters in France. This company was founded in 2002 and its corporate purpose is holding majority shares in two companies holding concession contracts providing distribution and maintenance services for drinking water networks in a number of municipalities in France. In December 2019, SPI Environment changed its registered corporate name to Aqualia France.
- Addition amounting to 1,382 thousand euros for the acquisition of 100% of Agua y Gestión Ciclo Integral S.L.U. This company was founded in 1999 and its corporate purpose is to undertake activities in the comprehensive water cycle field through direct management or indirect management via administrative concession or joint venture. This is why it owns shares and holds contracts related to this activity and that provide services in the Spanish regions of Andalusia, Castilla La Mancha and Extremadura.
- Addition amounting to 7,377 thousand euros for the acquisition of 49% of the company Aqualia New Europe for which FCC Aqualia previously owned the remaining 51%. The Aqualia New Europe company has registered offices in the Netherlands and owns shares in companies that undertake contracts related to the end-to-end water cycle in Egypt.
- Cancellation amounting to 1,200 thousand euros due to the business combination undertaken during the 2019 business year with its subsidiary Aguas de Alcaidesa, which owned 100% of the capital (see Note 2.8).
- Transfer amounting to 8,308 thousand euros from equity instruments in associated companies corresponding to the reclassification undertaken in the 2019 business year of the share that the Company has in Shariket Thalaya Miyah Mostaganem as a result of an agreement reached with the owner of 25.5% of the capital stock for the assignment of the latter to FCC Aqualia of political rights over this shareholding for 9 years so FCC Aqualia may exercise control over the board and the annual general meeting of the subsidiary.
- Equity instruments in Associate Companies.
 - Addition amounting to 6,500 thousand euros for the acquisition of 26% of the capital stock of CODEUR, S.A., a company whose corporate purpose is the construction and maintenance of public and private infrastructure and undertaking by administrative concession the comprehensive water cycle in the Municipality of Vera (Almería).

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- Addition amounting to 490 thousand euros for the subscription of 49% of the capital stock of Aigües del Vendrell, SA, a mixed economy company established together with the municipality of Vendrell (Tarragona) for the provision of the comprehensive water cycle, as well as other activities in this municipality for a period of 25 years. This company takes over the provision of the service from Aigües del Tomoví liquidated at the beginning of the 2019 business year.
 - Cancellation amounting to 490 thousand euros for the liquidation of Aigües del Tomoví.
 - Transfer amounting to 8,308 thousand euros to equity instruments in Group companies for the reclassification of the share that the Company had in Shariket Thalya Miyah Mostaganem, as commented above.
 - Transfer amounting to 5,187 thousand euros to long-term financial investments of the Company's share in Shariket Miyeh Ras Djinet as a result of an agreement reached with one of its shareholders for the transfer, by FCC Aqualla, of political rights in this company for a period of 9 years (see note 8.1).
 - Impairments
 - Impairment amounting to 5,789 thousand euros in subsidiaries that are water contract concessionary companies with a defined lifecycle.
- c) Disbursements outstanding for shares in Group companies and associates in the balance sheet at 31 December 2020 and 2019 were as follows:

DISBURSEMENTS OUTSTANDING FOR GROUP COMPANIES		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Compañía Onubense de Aguas, S.A.	27	27
Acque di Caltanissetta, S.p.a.	7,052	-
TOTAL	7,079	27

DISBURSEMENTS OUTSTANDING FOR ASSOCIATED COMPANIES		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Aigües del Segarra Garrigues, S.A.	150	150
Sera Q.A. Duitama ESP., S.A.	27	27
Orasqualla O&M	5	5
AIE ITAM Delta de la Tordera	-	3
TOTAL	182	185



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d) **Breakdown of equity instruments in Group companies.** The breakdown of the balance for this account at 31 December 2020 and 31 December 2019 was as follows:

EQUITY INSTRUMENTS IN GROUP COMPANIES 2020

(Amounts in thousands of euros)

COMPANIES	ACTIVITY	INVESTMENT	PROVISION	NET COST
FCC Aguas de América, S.A.U. C/ Uruguay, 11 – Vigo (PONTEVEDRA)	Water cycle management	3,950	(3,950)	-
Aguafaraz, S.L. Pol.Ind.Ronda Oeste, 24 Jerez de la Frontera (CADIZ)	Water cycle management	28,859	(3,130)	25,729
Aqua Campiña, S.A. C/Blas Infante, 6 – Écija (SEVILLE)	Water cycle management	541	-	541
Aqua di Caltanissetta, S. p.a. Viale Sicilia 176 93100 Caltanissetta – ITALY	Water cycle management	39,755	(15,152)	24,603
Water Sur, S.L. Urbanización Las Buganvilas, 13. - Vera (Almería)	Water cycle management	144	(144)	-
Flores, Raballo y Morales, S.L. Urbanización Las Buganvilas, 13. - Vera (Almería)	Water cycle management	576	(576)	-
Aguas de Alcázar Empresa Mixta, S.A. C/ Rondilla Cruz Verde, 1 - Alcázar de San Juan (CIUDAD REAL)	Water cycle management	1,142	(28)	1,114
Aguas de las Galeras, S.L. Alda. 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	96	(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	Sanitation and Water Treatment	652	-	652
Hidrotec Tecnología del Agua, S.L.U. C/Pincaí, 25 – SEVILLE	Laboratories and services	32	-	32
Empresa Gestora de Aguas Linenses, S.L. C/Federico Salmón, 13 – MADRID	Water cycle management	2	-	2
Estemenser, S.A. C/Castillo, 13 – ADEJE (SANTA CRUZ DE TENERIFE)	Water cycle management	63,953	(18,442)	45,511
Infraestructuras y Distribución General de Agua, S.L. C/La Presa, 14 – Tjoco Bajo-ADEJE (S.C.TENERIFE)	Investment and construction works	8,665	(1,200)	7,465
Sociedad Española de Aguas Filtradas, S.A. Alda. Camino de Santiago, 40 – MADRID	Water treatment	1,296	-	1,296
Aguas de Intech, S.A. Alda. Camino de Santiago, 40 – MADRID	Specialised construction	10,745	-	10,745



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EQUITY INSTRUMENTS IN GROUP COMPANIES 2020

(Amounts in thousands of euros)

<i>Aguilla Médica, S.A. de C.V.</i> <i>C/ Carrizal, 33 – Santiago de Querétaro (MEXICO)</i>	Water works and services	1	-	1
<i>Aguilla Czech, S.L.U.</i> <i>Avda. Camino de Santiago, 40 – MADRID</i>	Water cycle management	118,779	-	118,779
<i>Aguilla MACE LLC</i> <i>P.O Box 105547 Abu Dhabi (UNITED ARAB EMIRATES)</i>	O&M Water Treatment	15	-	15
<i>Aguilla New Europe B.V.</i> <i>C/Calude Debussylann, 24 – Amsterdam (NETHERLANDS)</i>	Portfolio holding	15,558	(3,614)	11,924
<i>Aigües de Vallirana, S.A.</i> <i>C/ Conca de Trep, 14 – Vallirana (BARCELONA)</i>	Water cycle management	3,241	(3,118)	123
<i>Aquamaior – Aguas de Campo Maior, S.A.</i> <i>Rua Mayor Talaya, 28 – Campo Maior (PORTUGAL)</i>	Water cycle management	875	(440)	435
<i>Abrantaqua, S.A.</i> <i>Parque Lena – Alferrade de Abrantes (PORTUGAL)</i>	Water cycle management	190	-	190
<i>Conservación y Sistemas, S.A.</i> <i>C/Federica Salmán, 13-MADRID</i>	Infrastructure maintenance	1,558	-	1,558
<i>Cartago, Aguas Do Cartago, S.A.</i> <i>Z. Industrial do Cartago, lote 20 – CARTAXO (PORTUGAL)</i>	Processing and water treatment	1,110	-	1,110
<i>Aguilla Desalación Guaymas S.A. de C.V.</i> <i>Avenida 5 de Febrero N° 1351, ROBLE 304 - QUERÉTARO (MEXICO)</i>	Construction and exploitation	2,358	-	2,358
<i>Aguilla Infraestructuras Insinyring</i> <i>Marienská Hory, Slovnikovcu 571/21- Ostrava (CZECH REPUBLIC)</i>	Specialised construction	9,065	-	9,065
<i>Aguas El Rualiza, S.A. de C.V.</i> <i>B.Manuel Avila Camacho, n°36 - piso5 – Col. Lomas de Chapultepec México</i>	Construction and oper. Aqueduct	5,512	-	5,512
<i>Sharikat Thalya Miyah Mostaganem</i> <i>Ché Abdani Ilot, 36 – Dar el Beida (ALGERIA)</i>	Constr. and op. desalination plants	8,308	-	8,308
<i>H.A.A. & Co integrated Serv</i> <i>Corniche road - Jeddah (SAUDI ARABIA)</i>	Infrastructure maintenance	3,199	-	3,199
<i>Qatarat Saqia Desalination</i> <i>Corniche road - Jeddah (SAUDI ARABIA)</i>	Constr. and op. desalination plants	12,914	-	12,914
<i>Aguilla Latinoamérica, SA</i> <i>Bogota (COLOMBIA)</i>	Water cycle management	10,877	-	10,877
<i>Aguilla Villa del Rosario, SA</i> <i>C / 4, number 6-104 - Villa del Rosario (COLOMBIA)</i>	Water cycle management	665	-	665
<i>Aguilla Portugal</i> <i>Rua Camino Castelo Branco, 2 - Lisbon (PORTUGAL)</i>	Water cycle management	8,563	-	8,563
<i>Aguilla Franca</i> <i>65, rue Monceau - Paris (FRANCE)</i>	Water cycle management	31,655	(2,032)	29,623
TOTAL		398,619	(51,922)	347,696



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EQUITY INSTRUMENTS IN GROUP COMPANIES 2019					
(Amounts in thousands of euros)					
COMPANIES	ACTIVITY	INVESTMENT	PROVISION	NET COST	
FCC Aguas de América, S.A.U. C/ Uruguay, 11 – Vigo (PONTEVEDRA)	Water cycle management	601	(601)	-	
Aguajerez, S.L. Pol.Ind.Ronda Oeste, 24 Jerez de la Frontera (CADIZ)	Water cycle management	28,859	-	28,859	
Aqua Campaña, S.A. C/Blas Infanta, 6 – Écija (SEVILLE)	Water cycle management	541	-	541	
Acque di Caltanissetta, S. p.a. Viale Sicilia 176 93100 Caltanissetta – ITALY	Water cycle management	18,809	(15,151)	3,658	
Aqualisve – Aguas de Elvas, S.A. Rua Paço Bandeira, 14 – Assunção Elvas (PORTUGAL)	Water cycle management	402	-	402	
AquaFundalia - Aguas do Fundão, S.A. Rua Fernando Pessoa, 195 - Fundão (PORTUGAL)	Water cycle management	510	-	510	
Aguas de Alcázar Empresa Mixta, S.A. C/ Rondilla Cruz Verde, 1 - Alcázar de San Juan (CIUDAD REAL)	Water cycle management	1,142	-	1,142	
Aguas de las Galeras, S.L. Avda. Camino de Santiago, 40 – MADRID	Water cycle management	2	-	2	
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)	0	
Servicios Hídricos Agricultura y Ciudad, S.L.U. C/ Alfonso XIII – Sabadell (BARCELONA)	Holder 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	Water sanitation and purification	652	-	652	
Hidrotec Tecnología del Agua, S.L.U. C/Píncel, 25 – SEVILLE	Industrial water treatment	32	-	32	
Empresa Gestora de Aguas Linenses, S.L. C/Federico Salmón, 13 – MADRID	Water cycle management	2	-	2	
Entemanser, S.A. C/Castillo, 13 – ADEJE (SANTA CRUZ DE TENERIFE)	Water cycle management	63,953	(14,514)	49,439	
Infraestructuras y Distribución General de Agua, S.L. C/La Presa, 14 – Tíjoco Bajo-ADEJE (S.C.TENERIFE)	Investment and construction works	8,665	(604)	8,061	
Sociedad Española de Aguas Filtradas, S.A. Avda. Camino de Santiago, 40 – MADRID	Water treatment	1,436	-	1,436	
Aguas Intacta, S.A. Avda. Camino de Santiago, 40 – MADRID	Investment and construction works	10,745	-	10,745	
Aguas México, S.A. de C.V. C/ Carrizal, 33 – Santiago de Querétaro (MEXICO)	Water treatment and purification		1	-	1

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EQUITY INSTRUMENTS IN GROUP COMPANIES 2019				
(Amounts in thousands of euros)				
COMPANIES	ACTIVITY	INVESTMENT	PROVISION	NET COST
Aqualia Czech, S.L.U. Avda. Camino de Santiago, 40 – MADRID	Holding company	118,779	-	118,779
Aqualia MACE LLC P.O Box 105547 Abu Dhabi (UNITED ARAB EMIRATES)	Op.&Main. Infrastr. of the sanitation and purification sys.	15	-	15
Aqualia New Europe B.V. C/Calude Debussylann, 24 – Amsterdam (NETHERLANDS)	Water cycle management	15,538	(3,614)	11,924
Algües de Vallirana, S.A. C/ Conca de Tremp, 14 – Vallirana (BARCELONA)	Water cycle management	3,702	-	3,702
Aquamalor – Aguas de Campo Maior, S.A. Rua Mayor Talaya, 2B – Campo Maior (PORTUGAL)	Water cycle management	875	(544)	331
Abrantaque, S.A. Parque Lana – Alferrarede Abrantes (PORTUGAL)	Water cycle management	190	-	190
Conservación y Sistemas, S.A. C/Federico Salmón, 13-MADRID	Maintenance of infrastructures	1,558	-	1,558
Cartaxos, Aguas Do Cartaxo, S.A. Z. Industrial do Cartaxo, lote 20 – CARTAXO (PORTUGAL)	Water treatment and purification	1,110	-	1,110
Aqualia Desalación Gueymas S.A. de C.V. Avenida 5 de Febrero Nº 1351, ROBLE 304 - QUERÉTARO (MEXICO)	Constr. and op. desalination plants	2,358	-	2,358
Aqualia Infraestructuras Inzeayring Marienská Hory, Slavnikovcva 571/21- Ostrava (CZECH REPUBLIC)	Execution of construction projects	9,065	-	9,065
Water and End-to-End Cycle Management Avda. Camino de Santiago, 40 – MADRID	Water cycle management	1,383	-	1,383
Sharikat Thalya Mtyah Mostaganem Cité Abdou Ilot, 36 – Dar el Beldi (ALGERIA)	Constr. and op. desalination plants	8,308	-	8,308
Aqualia France 65. rue Monceau - Paris (FRANCE)	Water cycle management	31,655	-	31,655
TOTAL		995,771	(95,121)	900,650

Details of the equity in the balance sheets of these companies at 31 December 2020 and 2019 were as follows: None of them are listed on the stock market and none of them generated profit or loss from discontinued operations.

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

EQUITY DETAILS OF GROUP COMPANIES 2020

(Amounts in thousands of euros)

COMPANIES	CAPITAL	Reserves and other Net Equity Items	2020 Profit/(Loss)			% Holding
			Operating Profit/Loss	Profit from continuing operations	Profit or Loss	
Abrantaqua, S.A.	500	2,016	746	457	457	60.00%
Acque di Caltanissetta, S.p.a.	24,500	(1,487)	925	294	294	99.56%
Agua de Alcázar Empresa Mixta, S.A.	126	460	816	435	435	52.98%
Agua de las Galeras, S.L.	3	502	1,175	455	455	51.00%
Algibes de Vallirna, S.A. (*)	102	371	355	351	351	100.00%
Agua Compañía, S.A.	601	316	328	195	195	90.00%
Aquajerez, S.L.	3	2,362	6,222	3,032	3,032	100.00%
Aquila Czech, S.L.U.	69,902	17,829	(14)	10,902	10,902	100.00%
Aquila Desalación Guaymas, S.A. de C.V.	3,072	3,381	2,407	2,057	2,057	70.00%
Aquila Franco	400	7,876	-879	7,835	7,835	100.00%
Aquila Infraestructuras Insamyring	62	2,637	3,119	2,520	2,520	49.00%
Aquila Intech, S.A.	1,200	35,091	7,319	5,614	5,614	99.99%
Aquila Latinoamérica, SA	11,268	(843)	(716)	(843)	(843)	94.00%
Aquila MACE	33	1,511	2,681	2,678	2,678	51.00%
Aquila México, S.A. de C.V.	5,606	5,365	(983)	(1,201)	(1,201)	0.01%
Aquila New Europe B.V.	16,000	(6,603)	(65)	(94)	(94)	100.00%
Aquila Portugal	22,518	(28)	(28)	(28)	(28)	100.00%
Aquila Villa del Rosario, S.A.	744	(186)	(157)	(186)	(186)	95.00%
Aquamelior – Agua de Campo Minor, S.A.	50	385	112	55	55	100.00%
Agua El Realito, S.A. DE CV	7,926	2,215	5,608	1,410	1,410	46.00%
Cartaga, Agua de Cartago, S.A.	1,850	582	453	153	153	60.00%
Compañía Onubense de Agua, S.A. (*)	60	(72)	-	-	-	60.00%
Conservación y Sistemas, S.A.	300	1,717	215	197	197	99.99%
Depurplan 11, S.A.U.	4,700	1,067	992	684	684	100.00%
Ecosistema de Morelos SA DE C.V.	1,127	382	729	428	428	0.00%
Empresa Gestora de Agua Limense, S.L.	3	1,294	661	261	261	52.39%
Empresa Mixta de Butarque, S.A. (*)	120	(120)	-	-	-	70.00%
Entemasser, S.A.	2,137	14,229	4,416	3,578	3,578	97.00%
FCC Aquila América, S.A.U. (*)	601	(883)	-	(883)	(883)	100.00%
Flores, Raballo y Morales, S.L.	18	29	-	-	-	60.00%
H.A.A. & CO. Integrated Serv	1,089	2,434	82	(73)	(73)	51.00%
Hidrotec Tecnología del Agua, S.L.U.	3	12,124	2,495	1,867	1,867	100.00%
Infraestructuras y Dist. General del Agua, S.L. (*)	63	5,971	121	106	106	100.00%
Qatart Sequia Desalination	4,574	13,317	5,758	3,450	3,450	51.00%
Sociedad Española de Agua Filtrada, S.A.	1,087	1,365	1,579	1,142	1,142	99.99%
Servicios Hídricos Agricultura y Ciudad S.L.	3	(152)	(490)	(439)	(439)	100.00%
Sharikat Tahya Miyah Mostaganem	19,593	99,529	13,496	13,516	13,516	25.50%
Sociedad Ibérica del Agua, S.A.U. (*)	60	192	101	76	76	100.00%
Tratamiento Industrial de Agua, S.A.	656	8,777	11,320	8,644	8,644	99.99%
Water Sur, S.L.	6	(72)	26	26	26	60.00%

(*) Unaudited data at 31 December 2020

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EQUITY DETAILS OF GROUP COMPANIES 2019

(Amounts in thousands of euros)

COMPANIES	CAPITAL	Reserves and other Net Equity Items	2019 Profit/(loss)			% SHARE
			Operating Profit/Loss	Profit from continuing operations	Profit/(loss)	
Abrantaqua, S.A.	500	1,559	629	364	364	60.00%
Acque di Caltanissetta, S.p.a.	3,500	5,270	520	(188)	(188)	98.48%
Agua y Gestión Ciclo Integral, S.L.	2,693	(102)	166	2,030	2,030	100.00%
Agua de Alcázar Empresa Mixta, S.A.	126	869	863	595	595	52.38%
Agua de las Galeras, S.L.	3	343	1,052	296	296	51.00%
Algües de Vallirana, S.A. (*)	102	3,646	309	336	336	100.00%
Aqua Campiño, S.A.	601	463	523	343	343	90.00%
Aquaelva – Agua de Elvas, S.A.	50	1,126	539	352	352	100.00%
Aquafundella – Agua do Fundello, S.A.	510	497	95	33	33	100.00%
Aquajerez, S.L.	3	3,086	6,700	3,130	3,130	100.00%
Aqualla Czech, S.L.U.	69,302	17,873	(719)	10,596	10,596	100.00%
Aqualla Desalección Guaymas, S.A. de C.V.	3,534	1,523	398	1,363	1,363	70.00%
Aqualla France	400	2,087	(485)	2,487	2,487	100.00%
Aqualla Infraestructuras Ingeniería	64	2,772	3,288	2,640	2,640	49.00%
Aqualla Médico, S.A. de C.V.	6,449	4,898	1,056	1,005	1,005	0.01%
Aqualla Intech, S.A.	1,200	29,477	11,116	7,049	7,049	99.99%
Aqualla MACE	37	2,575	2,906	2,943	2,943	51.00%
Aqualla New Europe B.V.	15,000	(6,508)	(207)	(159)	(159)	100.00%
Aquamaior – Aguas de Campo Maior, S.A.	50	330	123	90	90	100.00%
Cartago, Aguas do Cartago, S.A.	1,850	429	361	75	75	60.00%
Compañía Onabense de Aguas, S.A. (*)	33	(45)	-	-	-	60.00%
Conservación y Sistemas, S.A.	300	1,812	316	292	292	99.99%
Depurplan 11, S.A.U.	4,700	1,369	1,001	1,096	1,096	100.00%
Empresa Gestora de Aguas Linenses, S.L.	3	1,033	1,112	524	524	52.33%
Empresa Mixta de Butarque, S.A. (*)	120	(120)	-	-	-	70.00%
Estamense, S.A.	2,137	14,701	6,915	5,226	5,226	97.00%
FCC Aqualla América, S.A.U. (*)	601	(3,349)	(1)	(3,068)	(3,068)	100.00%
Hidrotec Tecnología del Agua, S.L.U.	3	14,691	4,746	3,573	3,573	100.00%
Infraestructuras y Dist. General del Agua, S.L. (*)	63	4,468	757	603	603	100.00%
Servicios Hídricos Agricultura y Ciudad S.L.	3	287	-	-	-	100.00%
Sociedad Española de Aguas Filtradas, S.A.	1,087	5,099	1,713	1,213	1,213	99.99%
Sociedad Ibérica del Agua, S.A.U. (*)	60	189	97	73	73	100.00%
Sharkot Tahliya Milyah Mostaganem S.p.A.	23,702	132,016	16,973	15,536	15,536	25.48%
Tratamiento Industrial de Aguas, S.A.	656	25,243	10,616	8,357	8,357	99.99%

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e) Details of equity instruments in associated companies. The following is a breakdown of the balance at 31 December 2020 and 31 December 2019:

EQUITY INSTRUMENTS IN ASSOCIATE COMPANIES 2020				
(Amounts in thousands of euros)				
COMPANIES	ACTIVITY	INVESTMENT	PROVISION	NET
Agua de Denia, S.A. Pedro Esteve, 17 - Denia (ALICANTE)	Water cycle management	400	-	400
Agua de Archidona, S.L. Pza. Ochavada, 1 - Archidona (MALAGA)	Water cycle management	72	(52)	20
Algües del Vendrell, S.A. c/ Vells, 1 - El Vendrell (TARRAGONA)	Water cycle management	490	-	490
Agua de Narixa, S.A. C/Málaga, 11 - Nerja (MALAGA)	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
Agua de Guadix, S.A. C / Córdoba, 5 - Guadix (ALMERÍA)	Water cycle management	844	(493)	351
Compañía de Servicios Medioambientales do Atlántico, S.A. Carretera de Cedela, km1 - Narón (LA CORUÑA)	Water cycle management	294	-	294
EMANAGUA - Empresa Municipal de Agua de Níjar, S.A. Plaza de la Glorieta, 1 - Níjar (ALMERIA)	Water cycle management	221	-	221
Empresa Municipal Agua de Algeciras, S.A. C/Virgen del Carmen, s/n - Algeciras (CADIZ)	Water cycle management	442	(288)	154
Empresa Municipal de Agua de Linares, S.A. C/ Cid Campeador, 7 - Linares (JAEN)	Water cycle management	147	-	147
Empresa Municipal Agua de Barmimédica, S.A. Expl. Ap.Tívoli, s/n - Arroyo de la Miel (MALAGA)	Water cycle management	1,310	-	1,310
Empresa Municipal Agua de Tudría, S.A. Plaza de la Constitución - Torredonjimeno (JAEN)	Water cycle management	118	(27)	91
Algües del Segarra Garrigues, S.A. C/Santa Clara, 4 - Tárrega (LERIDA)	Construction and op. irrigated land	309	-	309
Girona, S.A. Trevesia del Carril, 2 - GERONA	Water cycle management	365	-	365
Nueva Sociedad de Agua de Ibiza, S.A. C/Bartolomé Rosselló, 18 - (IBIZA)	Water cycle management	28	-	28
Orasquella O-M Nile City Towers - El Cairo (EGYPT)	Treatment plant maintenance	1,508	-	1,508
Sera.Q.A. Dultama, S.A. (COLOMBIA)	Water cycle management	94	(67)	27
Suministros agua de Querétaro, S.A. de C.V. Santiago de Querétaro - Querétaro Arteaga (MEXICO)	Water cycle management	182	-	182
AIE Aquagast Medioambiente-Aguilla C/Condado de Jaruco, s.n. - Lloret de Mar (GERONA)	Share ownership and making studies	240	-	240
Codeur, S.A. C/Mayor, 22 - Vera (ALMERÍA)	Water cycle management	6,500	(10)	6,490
Agua de Langreo, S.L. C/Alonso del Riesgo, 3 - Langreo (ASTURIAS)	Water cycle management	882	-	882
A.I.E. Costa Brava Abastament Aguilla - Sorea Sector Carlit, s/n ^a - 17487 EMPURIABRAVA (GERONA)	High-pressure water supply	78	-	78
Agua de Priego, S.L. Pz. De La Constitución, 3 - 14800 PRIEGO DE CÓRDOBA (CORDOBA)	Water cycle management	245	(245)	-
Empresa Mixta de Agua de Jódar, S.A. Pz. De España, 1 - 23500 JÓDAR (JAEN)	Water cycle management	73	(57)	17
Empresa Mixta de Agua de Ubrique, S.A. C/JUZGADO S/N - 11600 - UBRIQUE (CADIZ)	Water cycle management	73	-	73
Omán Sustainable Water Services SAOC Batnah Highway - 322 - SOHAR (OMAN)	Constr. and op. desalination plants	713	-	713
	TOTAL	17,838	(1,239)	16,600



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EQUITY INSTRUMENTS IN ASSOCIATE COMPANIES 2019				
(Amounts in thousands of euros)				
COMPANIES	ACTIVITY	INVESTMENT	PROVISION	NET
Aguas de Denia, S.A.	Water cycle management	400	-	400
Pedro Esteve, 17 - Denia (ALICANTE)				
Aguas de Archidona, S.L.	Water cycle management	72	-	72
Pza. Ochevada, 1 - Archidona (MALAGA)				
Algües del Vendrell, S.A.	Water cycle management	490	-	490
c/ Vells, 1 - El Vendrell (TARRAGONA)				
Aguas de Nariza, S.A.	Water cycle management	300	-	300
C/Málaga, 11 - Nerja (MALAGA)				
Concesionaria de Desalación de Ibiza, S.A.	Operation of desalination plants	1,082	-	1,082
Rotonda de Sta. Eulalia, s/n - Ibiza (BALEARIC ISLANDS)				
AIE Costa Tropical de Granada	Water cycle management	828	-	828
Plaza Aurora, s/n - Motril (GRANADA)				
AIE ITAM Delta de la Tordera	Construction and op. Desalination plant	3	-	3
Travesera de Gracia, 58 - BARCELONA				
Compañía de Servicios Medioambientales do Atlántico, S.A.	Water cycle management	294	-	294
Carretera de Cedeira, km1 - Narón (LA CORUÑA)				
EMANAGUA - Empresa Municipal de Aguas de Níjar, S.A.	Water cycle management	221	-	221
Plaza de la Giorleta, 1 - Níjar (ALMERIA)				
Empresa Municipal Aguas de Algeciras, S.A.	Water cycle management	442	(290)	152
C/Virgen del Carmen, s/n - Algeciras (CADIZ)				
Empresa Municipal de Aguas de Linares, S.A.	Water cycle management	147	-	147
C/ Cid Campeador, 7 - Linares (JAEN)				
Empresa Municipal Aguas de Benalmádena, S.A.	Water cycle management	1,310	-	1,310
Expl. Ap.Tivoli, s/n - Arroyo de la Miel (MALAGA)				
Empresa Municipal Aguas de Torixis, S.A.	Water cycle management	118	(52)	66
Plaza de la Constitución - Torredonjimeno (JAEN)				
Algües del Sagarra Garrigues, S.A.	Construction and op. Irrigated land	309	-	309
C/Santa Clara, 4 - Tárrega (LERIDA)				
Girona, S.A.	Water cycle management	365	-	365
Travesía del Carril, 2 - GERONA				
Nueva Sociedad de Aguas de Ibiza, S.A.	Water cycle management	28	-	28
C/Bartolomé Rosselló, 18 - (IBIZA)				
Oraqualia O&M	Treatment plant maintenance	1,508	-	1,508
Nile City Towers - El Cairo (EGYPT)				
Aguas El Rancho, S.A. de C.V.	Drinking water distribution and prod.	5,127	-	5,127
B.Manuel Avila Camacho, nº36 - piso5 - Col. Lomas de Chapultepec México				
Sera.Q.A. Dultama, S.A. (COLOMBIA)	Water cycle management	94	(67)	27
Suministros aguas de Querétaro, S.A. de C.V.	Water cycle management	182	-	182
Santiago de Querétaro - Querétaro Arteaga (MEXICO)				
AIE Aquagant Medioambientale-Aqualia	Share ownership and making studies	240	-	240
C/Condado de Jaruco, s.n. - Lloret de Mar (GERONA)				
Codeur, S.A.	Water cycle management	6,500	-	6,500
C/Mayor, 22 - Vera (ALMERÍA)				
Aguas de Langreo, S.L.	Water cycle management	882	-	882
C/Alonso del Riesgo, 3 - Langreo (ASTURIAS)				
A.I.E. Costa Breva Abastament Aqualia - Sorea	Supply high-pressure water	78	-	78
Sector Carlit, s/nº - 17487 EMPURIABRAVA (GERONA)				
Aguas de Priego, S.L.	Water cycle management	245	(245)	-
Pz. De La Constitución, 3 - 14800 PRIEGO DE CÓRDOBA (CORDOBA)				
Empresa Mixta de Aguas de Jódar, S.A.	Water cycle management	73	(66)	7
Pz. De España, 1 - 23500 JÓDAR (JAEN)				
Empresa Mixta de Aguas de Ubrique, S.A.	Water cycle management	73	-	73
C/JUZGADO S/N - 11600 - UBRIQUE (CADIZ)				
Omán Sustainable Water Services SAOC	Constr. and op. desalination plants	713	-	713
Batnah Highway - 322 - SOHAR (OMAN)				
TOTAL		22,124	(720)	21,404



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The equity details in the balance sheets for these companies at 31 December 2020 and 31 December 2019 were as follows. None of these companies are listed on the stock market and none of them generated profit or loss from discontinued operations in 2020 and 2019.

EQUITY DETAILS OF ASSOCIATE COMPANIES 2020						
(Amounts in thousands of euros)						
COMPANIES	CAPITAL	Reserves and other Net Equity Items	PROFIT/LOSS 2020			
			Operating Profit/Loss	Profit from continuing operations	Profit or Loss	Shareholding
Agua de Archidona, S.L.	150	(7)	2	(18)	(18)	48.00%
Agua de Denia, S.A. (*)	425	1,037	121	96	96	33.00%
Agua de Gudiol, S.A.	200	268	233	174	174	40.00%
Agua de Langreo, S.L.	1,800	256	279	59	59	49.00%
Agua de Narba, S.A.	600	54	101	(45)	(45)	50.00%
Agua de Priego, S.L.	500	(946)	95	(68)	(68)	49.00%
AIE Gestión Hydraulic Services Ciudad Real (*)	-	-	64	76	76	75.00%
AIE Costa Breva Abasteciment Aqualia - Sorea	156	-	-	94	94	50.00%
AIE Costa Tropical de Granada	-	1,622	1,444	467	467	51.00%
AIE SOREA Aqualia (*)	-	404	-	223	223	37.50%
Algiles del Segarra Garrigues, S.A.	30,000	(2,217)	1,530	1,121	1,121	1.00%
Algiles del Vendrell, S.A. (*)	1,000	65	316	39	39	49.00%
Cia. de Serv. Medioambientales do Atlántico, S.A.	601	441	35	2	2	49.00%
CODEUR, S.A.	200	3,280	323	170	170	26.00%
Concesionaria de Desalación de Agua de Ibiza, S.A.	1,850	565	685	224	224	50.00%
EMANAGUA - Empresa Municipal de Agua de Níjar, S.A.	450	1,505	296	203	203	49.00%
Empresa Mixta de Agua de Jódar, S.A.	150	(115)	83	21	21	49.00%
Empresa Municipal de Agua de Linares, S.A.	500	247	138	103	103	49.00%
Empresa Municipal Agua de Algeciras, S.A.	451	(138)	229	4	4	49.00%
Empresa Mixta de Agua de Ubrique, S.A.	150	116	19	14	14	49.00%
Empresa Municipal de Agua Benalmádena, S.A.	1,803	720	825	360	360	50.00%
Empresa Municipal de Agua de Tostón, S.A.	240	(55)	76	50	50	49.00%
Girona, S.A.	1,200	4,639	(146)	87	87	33.61%
Nueva Sociedad de Agua de Ibiza, S.A. (*)	60	147	59	44	44	40.00%
Omnia Sustainable Water Services SAOC	1,062	586	613	504	504	49.00%
Orasqueña O&M	1,263	2,223	687	584	584	50.00%
SERA.Q.A. Duizama, S.A. (*)	90	(33)	-	-	-	30.60%
Suministro de Agua de Querétaro, SA de CV	14,222	21,888	9,646	5,215	5,215	26%

(*) Unaudited data



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EQUITY DETAILS OF ASSOCIATE COMPANIES 2019						
(Amounts in thousands of euros)						
COMPANIES	CAPITAL	Reserves and other Net Equity Items	PROFIT/LOSS 2019			
			Operating Profit/Loss	Profit from continuing operations	Profit/(Loss)	Shareholding
Agua de Archidona, S.L.	150	11	47	16	16	48.00%
Agua de Denia, S.A. (*)	425	941	35	26	26	33.00%
Agua de Langreo, S.L.	1,800	197	248	15	15	49.00%
Agua de Narba, S.A.	600	255	416	244	244	50.00%
Agua de Priego, S.L.	500	(878)	83	(32)	(32)	49.00%
AIE SOREA Aguafuente (*)	400	4	(1)	186	186	37.50%
AIE Geston Hydraulic Services Ciudad Real (*)	-	-	60	133	133	75.00%
AIE Costa Brava Abastecimiento Aguafuente – Sorra	156	-	-	73	73	50.00%
AIE Costa Tropical de Granada	1,623	-	2,193	1,351	1,351	51.00%
AIE ITAM Delta de la Tordera (*)	-	-	(355)	(355)	(355)	50.00%
Algües del Segarra Garrigues, S.A.	30,000	(3,338)	1,768	1,237	1,237	1.00%
Algües del Vendrell, S.A. (*)	1,000	26	242	26	26	49.00%
Agua El Realito, S.A. de C.V.	9,118	6,185	7,371	1,010	1,010	49.00%
Cia. de Serv. Medioambientales de Atlántico, S.A.	601	440	75	16	16	49.00%
CODEUR, S.A.	200	3,109	779	665	665	26.00%
Concesionaria de Desagüe de Agua de Ibiza, S.A.	1,850	636	871	345	345	50.00%
EMANAGUA - Empresa Municipal de Agua de Níjar, S.A.	450	1,302	401	277	277	49.00%
Empresa Mixta de Agua de Jódar, S.A.	150	(136)	87	24	24	49.00%
Empresa Mixta de Agua de Ubrique, S.A.	150	108	43	30	30	49.00%
Empresa Municipal Agua de Algeciras, S.A.	451	(142)	26	(128)	(128)	49.00%
Empresa Municipal de Agua Benalmádena, S.A.	1,803	1,053	1,377	692	692	50.00%
Empresa Municipal de Agua de Linares, S.A.	300	412	359	269	269	49.00%
Empresa Municipal de Agua de Tostón, S.A.	240	(106)	15	4	4	49.00%
Girona, S.A.	1,200	4,552	(152)	(24)	(24)	33.61%
Nueva Sociedad de Agua de Ibiza, S.A. (*)	60	103	34	41	41	40.00%
Omán Sustainable Water Services SAOC	1,160	581	621	547	547	49.00%
Orasqualto O&M	1,359	3,556	1,526	1,327	1,327	50.00%
SERA.Q.A. Duitama, S.A. (*)	34	31	-	-	-	90.60%
Suministro de Agua de Queretaro, SA de CV	16,361	23,423	11,143	5,137	5,137	26%

(*) Unaudited data

The details of income from equity investments for Group and associated companies are included in Note 19.1.

7.2. Long-term loans to Group companies and associates

The breakdown is as follows:

LONG-TERM LOANS TO COMPANIES		
(Amounts in thousands of euros)		
	31.12.20	31.12.19
Loans to Group companies (Note 7.2.1)	876,940	863,341
Interest on loans to Group companies (Note 7.2.1)	501	-
Loans to Associated Companies (Note 7.2.2)	24,165	32,643
TOTAL	901,606	895,984



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7.2.1 Long-term loans to Group companies. The breakdown and balance under this heading at 31 December 2020 and 2019 were as follows:

	LOANS TO GROUP COMPANIES (Amounts in thousands of euros)		INTEREST	MATURITY
	31.12.20	31.12.19		
Aqua Campiña, S.A.	2,176	2,626	Euribor+1%	2026
AquaJerez, S.L.	11,170	11,896	3% + Variable	2038
Aqualia Desalación Guaymas, S.A. de C.V.	8,663	8,001	-(*)	2022
Aquos El Realito, S.A. de C.V.	5,452	-	-(*)	2037
Depurplán, S.A.U.	9,989	8,877	4.5 %	2027
Ecosistema de Morelos, SA de CV,	4,721	-	9.8 %	2023
Empresa Gestora de Aguas Llnenses, S.L.	3,821	5,217	Euribor+7.5%	2022
Aguas de las Galeras, S.L.	15,374	15,374	10%	2022
Aguas de Alcázar Empresa Mixta, S.A.	3,444	4,149	4%	2024
Fomento de Construcciones y Contratas, S.A.	806,479	806,479	3.55%	2048
Qatarat Saquia Desalination (Note 7.1)	4,859	-	5 %	2025
Sociedad Española de Aguas Filtradas, S.A.	714	722	4.25%	2022
Water Sur, S.L.	78	-	-	2022
Interest	501	-		
TOTAL	877,441	863,341		

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

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

7.2.2 The long-term loans to associates can be broken down as follows:

	LOANS TO ASSOCIATED COMPANIES (Amounts in thousands of euros)		INTEREST	MATURITY
	31.12.20	31.12.19		
AIE Gest. Serv. Hidráulicos Ciudad Real	79	79	-	2022
Emp. Municipal de Aguas de Algeciras, S.A.	1,739	2,113	EURIBOR + 1%	2045
Emp. Municipal de Aguas de Benalmádena, S.A.	3,177	3,956	EURIBOR (12) + 0.9%	2025
Emp. Municipal de Aguas de Toxiría, S.A.	334	377	EURIBOR (12) + 1%	2029
Aguas de Langreo, S.L.	3,353	3,719	EURIBOR + 1	2031
EMANAGUA - Empresa Mpal de Aguas de Nijar	2,231	2,499	EURIBOR (12) + 1.25%	2029
Algües del Tomoví, S.A.	1	1	4%	2032
Algües del Vendrell, S.A.	4,799	4,799	5.50 %	2044
Aguas de Archidona, S.A.	453	467	T.I. LEGAL + 3%	2036
Aguas de Narixa, S.A.	4,061	4,259	6.3 %	2034
Aquos El Realito, S.A. de C.V.	-	6,272	-(*)	2022
AIE Costa Brava Abastament Aqualia Sorea	2	2	-	2022
Aguas de Priego, S.L.	3,061	3,186	5%	2022
Empresa Mixta de Aguas de Jódar, S.A.	844	880	7%	2035
Orasqualia Development Waste Treatment	31	34	-	2022
TOTAL	24,165	32,643		



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(*) The balances with Aquos El Realito, S.A. de C.V. do not accrue interest since they involve funds transferred for future capital increases.

NOTE 8. FINANCIAL ASSETS BY CATEGORY

The classification of financial assets not including investments in Group companies and associates is as follows:

	31.12.20			31.12.19		
	Non-current	Current	Total	Non-current	Current	Total
FINANCIAL ASSETS BY CATEGORY (Amounts in thousands of euros)						
Assets held for trading						
Unlisted equity instruments (Note 8.1)	10,400	-	10,400	11,152	-	11,152
Loans and sales ledgers						
Loans to Group companies and associates (notes 7.2 and 9)	901,606	70,799	972,405	895,984	101,892	997,876
Loans to third parties (notes 8.2 and 9.2)	65,583	14,675	80,258	71,893	17,229	89,122
Other financial assets with Group companies and associates (note 8.3)	-	10,998	10,998	-	7,061	7,061
Other financial assets with third parties (note 8.3)	21,739	7,449	29,188	19,954	9,901	29,855
Trade and other receivables (note 10)	-	79,605	79,605	-	111,977	111,977
TOTAL FINANCIAL ASSETS	999,328	183,526	1,182,854	998,983	248,060	1,247,043

The fair value of the Company's financial assets does not differ significantly from their book value. The only gains and losses arising from financial assets related to the corrections for impairment detailed in Note 10.3 and to the finance income relating to loan interest amounting to 39,031 thousand euros at 31 December 2020 (37,729 thousand euros at 31 December 2019).

8.1. Unlisted equity instruments

The breakdown at 31 December 2020 and 2019 was as follows:

EQUITY INSTRUMENTS (Amounts in thousands of euros)	31.12.20	31.12.19
Other investments	10,400	11,152
TOTAL	10,400	11,152

In the 2019 business year, the Company transferred a total of 5,187 thousand euros to this heading from equity instruments in joint ventures and associates corresponding to the shareholding that the Company owns in Shariket Miyeh Ras Djinet as a result of an agreement reached with one of its shareholders for the assignment, by FCC Aqualia, to that shareholder of the political rights in this company for a period of 9 years (see note 7.1).

From that time the Company began to value the investment at fair value by updating the cash flows provided for in the model during the lifecycle 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 payment collections in US dollars. This appreciation involved an adjustment of 5,953 thousand euros in the 2019 business year in the "Adjustments for changes in value" account within Net Equity (see note 12.4).

During the 2020 business year, the Company recorded a received dividend payment of 742 thousand euros net of taxes from this investment (see note 12.4).

8.2. Loans to third parties

This epigraph mainly includes loans granted to municipalities to undertake works and installations in the water network. These loans accrue variable interest in line with the Euribor, and are repaid in accordance with the repayment schedule included in the contract, by setting off loans with the municipalities, arising from the collection of one-off royalties and other items. The portion of these loans maturing at less than one year is included in the short-term financial assets epigraph (see Note 9.2).

The breakdown at 31 December 2020 and 2019 was as follows:

	LOANS TO THIRD PARTIES		FINAL MATURITY	
	31.12.20	31.12.19	< 5 YEARS	> 5 YEARS
Municipality of Alboraya	3,191	3,416		>2025
Municipality of Alcalá de Henares	2,546	2,863		>2025
Municipality of Aller	50	99	2022	
Municipality of Ávila	470	470		>2025
Municipality of Bollullos Par del Condado	1,417	1,420		>2025
Municipality of Calasparra	125	167	2022	
Municipality of Callosa del Segura	1,538	1,508		>2025
Municipality of Caravaca de la Cruz	115	148		>2025
Municipality of Chipiona	1,671	2,014		>2025
Municipality of Cristina	39	53		>2025
Municipality of El Vendrell	90	117		>2025
Municipality of Güllmar	118	147		>2025
Municipality of Hellín	7	10	2022	
Municipality of Hondón de los Frailes	31	53	2022	
Municipality of Jaén	24,247	25,870		>2025
Municipality of La Guardia	375	395		>2025
Municipality of La Línea	733	903		>2025
Municipality of Lepe	9,502	10,364		>2025
Municipality of Llera	82	129	2022	
Municipality of La Albuera	95	95		>2025
Municipality of Magán	122	151		>2025
Municipality of Platja d'Aro	537	148		>2025
Municipality of Matalascañas	454	908		>2025
Municipality of Medina del Campo	61	68		>2025
Municipality of Mula	-	149	2022	
Municipality of Olivenza	324	474		>2025
Municipality of Ribera del Fresno	278	278		>2025
Municipality of Ronda	2,296	2,296		>2025
Municipality of San Pedro del Pinatar	167	292		>2025
Municipality of San Lorenzo del Escorial	2,146	2,533		>2025

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LOANS TO THIRD PARTIES				
<i>(Amounts in thousands of euros)</i>				
	31.12.20	31.12.19	FINAL MATURITY	
			< 5 YEARS	> 5 YEARS
Municipality of Sant Fost	97	129		>2025
Municipality of Solana de Los Barros	96	116		>2025
Municipality of Turcia	9	8		>2025
Municipality of Ubrique	-	173		>2025
Municipality of Vélez-Málaga	6,994	7,822		>2025
Municipality of Villarrubia de Santiago	149	152		>2025
Base General Menacho	112	126		>2025
Campo de Gibraltar region	4,962	5,073		>2025
Loans to personnel	53	56	2022	
Santa Eulalia Siglo XXI, S.A.	284	700	2022	
Total loans to third parties	65,583	71,893		

8.3 Other financial assets

The breakdown for this balance at 31 December 2020 and 2019 was as follows:

MISCELLANEOUS FINANCIAL ASSETS			
<i>(Amounts in thousands of euros)</i>			
	31.12.20	31.12.19	
Non-current			
Long-term deposits and guarantees created	21,739	19,954	
TOTAL	21,739	19,954	
Current			
Short-term deposits and guarantees created	7,449	9,901	
Dividends receivable from Group companies and associates (note 8.3.1)	10,998	7,061	
TOTAL	18,447	16,962	

8.3.1 Dividends receivable from Group companies and associates

The breakdown for dividends receivable from Group companies and associates and shares with payment outstanding in profit/(loss) at 31 December 2020 and 2019 were as follows:

DIVIDENDS RECEIVABLE FROM GROUP COMPANIES AND ASSOCIATES			
<i>(Amounts in thousands of euros)</i>			
	31.12.20	31.12.19	
A.I.E. ITAM Delta de La Tordera	-	1,354	
A.I.E. Gestión de servicios hidráulicos Ciudad Real	57	194	
A.I.E. Sorea – Aquella	84	70	
A.I.E. Costa Tropical de Granada	2,391	2,153	
A.I.E. Costa Brava Abastament Aquella Sorea	47	36	
Aguas de Álcazar Empresa Mixta, S.A.	-	193	
Aguas de Guadix, S.A.	36	-	
Aqua Campiña, S.A.	-	277	
Aquajerez, S.L.	2,487	2,172	
Aquella Mace LLC	-	612	
Shariket Tahiya Miyah Mostaganem, S.p.a.	5,896	-	
TOTAL	10,998	7,061	

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NOTE 9. SHORT-TERM LOANS

The breakdown of the balance at 31 December 2020 and 2019 was as follows:

SHORT-TERM LOANS (Amounts in thousands of euros)		
	31.12.20	31.12.19
Loans to Group companies and associates	70,799	101,892
Miscellaneous loans to non-Group third parties	14,675	17,229
TOTAL	85,474	119,121

9.1. Loans to Group companies and associates: The breakdown at 31 December 2020 and 2019 was as follows:

SHORT-TERM LOANS TO GROUP COMPANIES AND ASSOCIATES (Amounts in thousands of euros)		
	31.12.20	31.12.19
Loans to Group companies and associates	59,620	87,758
Interest on short-term loans to Group companies and associates	11,585	14,134
Impairment of credit to group companies and associates	(406)	-
TOTAL	70,799	101,892

SHORT-TERM LOANS TO GROUP COMPANIES AND ASSOCIATES (Amounts in thousands of euros)		
	31.12.20	31.12.19
A.I.E. Costa Tropical de Granada	12,863	11,818
A.I.E. ITAM La Tordera	-	234
Abast. Alta Costa Brava Emp.Mixta	-	1
Abrantiaqua	2,002	2,010
Acque de Caltanissetta, S.P.A.	2,847	6,089
Agua y Gestión Ciclo Integral, S.L.	-	1,558
Aguas de Guadix, S.A.	1	-
Aguas de Alcázar Empresa Mixta, S.A.	725	683
Aguas de Archidona, S.L.	26	30
Aguas de Langreo, S.L.	732	732
Aguas de las Galeras, S.L.	1,211	2,137
Aguas de Narixa, S.A.	444	465
Aguas de Priego, S.L.	266	331
Aguas del Puerto Empresa Municipal	20	13
Aigües de Vallirana, S.A.U.	205	134
Aigües del Vendrell, S.A.	306	408
Aqua Campiña, S.A.	536	555
Aquaelvas – Aguas de Elvas, S.A.	-	2,573
Aquafundalla- Agua Do Fundao, S.A.	-	1,722
Aquajerez, S.L.	1,340	1,325

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SHORT-TERM LOANS TO GROUP COMPANIES AND ASSOCIATES		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Aqualia Czech, S.L.	2,511	2,455
Aqualia Montenegro	232	-
Aqualia México, S.A. de C.V.	35	-
Aqualia Intech, S.A.	6,173	30,758
Aquamaior – Aguas de Campo Maior, S.A.	502	502
Cartagua, Aguas do Cartaxo, S.A.	4,196	4,313
Compañía de Servicios Medioambientales do Atlántico, S.A.	10	7
Conservación y Sistemas, S.A.	2,342	2,101
Depurplán 11, S.A.U.	1,045	996
EMANAGUA – Emp. Municipal de Aguas de Nijar, S.A.	341	408
Ematoxíria, S.A.	44	43
Emp. Mixta de Aguas de Jodar, S.A.	35	33
Emp. Municipal de Aguas de Benalmádena, S.A.	796	793
Emp. Municipal de Aguas de Linares, S.A.	-	4
Empresa Gestora de Aguas Linenses, S.L.	-	202
Empresa mixta de aguas y servicios, S.A.	10	8
Empresa municipal de Aguas de Algeciras, S.A.	451	327
Entemanser, S.A.	46	468
FCC Aqualia América, S.A. Unipersonal	15	24
FCC Construcción, S.A.	20	-
FCC Medioambiente, S.A.	-	44
Fomento de Construcciones y Contratas, S.A.	2,524	2,525
Hidrotec Tecnología del Agua, S.L.U.	642	9,772
Infraestructuras y Distribución General del Agua, S.L.	400	6,744
Omán Sustainable Water Services SAOC	16	16
Sociedad Española de Aguas Filtradas, S.A.	83	203
Servicios Hídricos de Agricultura y Ciudad, S.L.U.	23,657	-
Shariket Tahlya Mostaganem, S.p.a.	27	34
Sociedad Ibérica del Agua, S.A.	28	10
Tratamiento Industrial de Aguas, S.A.	1,020	6,283
Water Sur, S.L.	74	1
TOTAL	70,799	101,892

These loans accrue market interest and the balance recorded at 31 December 2020 included an amount totalling 1,841 euros corresponding to corporate income tax receivable by subsidiaries belonging to the FCC Aqualia tax group (2,329 thousand euros at 31 December 2019).

- 9.2. Loans to non-Group third parties. This epigraph mainly includes loans granted to municipalities, maturing in the short term, to undertake works and installations on the water network. The portion of these loans maturing at more than one year is included under the "Non-current financial assets" epigraph (see Note 8.2). These loans are included in the following breakdown at 31 December 2020 and 2019:

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LOANS TO THIRD PARTIES		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Campo Gibraltar Association of Municipalities	530	260
Municipality of La Albuera	-	45
Municipality of Alboraya	177	229
Municipality of Alcalá de Henares	370	370
Municipality of Aller	142	140
Municipality of Ávila	1,214	1,214
Municipality of Bollulos Par del Condado	139	273
Municipality of Calasparra	63	45
Municipality of Callosa del Segura	215	136
Municipality of Caravaca de la Cruz	41	41
Municipality of Chipiona	459	459
Municipality of El Vendrell	27	25
Municipality of Gülmár	29	29
Municipality of Hondón de los Frailes	22	22
Municipality of Jaén	2,763	2,619
Municipality of La Guardia	36	34
Municipality of La Línea	208	208
Municipality of Lepe	2,541	3,832
Municipality of Lora del Río	1	371
Municipality of Martos	-	123
Municipality of Matalascañas	454	478
Municipality of Medina del Campo	7	7
Municipality of Mula	-	224
Municipality of Olivenza	287	137
Municipality of Platja d'Aro	521	511
Municipality of Puerto de la Cruz	401	2,030
Municipality of Ribera del Fresno	465	465
Municipality of Ronda	66	193
Municipality of San Lorenzo del Escorial	258	196
Municipality of San Pedro del Pinatar	29	28
Municipality of Sant Fost	55	56
Municipality of Ubrique	224	220
Municipality of Vélez-Málaga	737	901
Llanos Villamartín Irrigation Community	-	114
Base General Menacho	4	-
Santa Eulalia Siglo XXI, S.A.	434	416
Other loans	411	362
Loans with partners in JVs due to a different contribution	1,345	416
Total loans to third parties	14,675	17,229

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NOTE 10. TRADE AND OTHER RECEIVABLES

10.1. The breakdown of the balance of "Client receivables for sales and services" at 31 December for each business year was as follows:

CLIENTS BY SALES AND PROVISION OF SERVICES		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Invoiced production with payment outstanding from non-Group clients	108,576	100,810
Assignment without recourse of trade receivables, third parties	(102,511)	(96,990)
Completed work pending invoicing to non-Group clients	46,827	49,253
Deductions for non-group client guarantees	564	560
Non-tax receivables from public entities	1,155	1,088
Impairment of client value	(27,408)	(25,000)
TOTAL	27,203	29,721

At 31 December 2020, 13,662 thousand euros of the net Trade receivables balance corresponded to Joint Ventures (11,960 thousand euros at 31 December 2019).

The "Invoiced Production with Payment Outstanding") epigraph includes the amount for invoices issued to clients for services rendered and pending payment at the balance sheet date.

The difference between the amount for the output recorded for each of the water supply works and services, valued in accordance with the criteria laid down in Note 4.10 "Revenue and expenses" and the certified amount for each of them is included in "Completed output pending certification". At 31 December 2020, the "Completed output pending certification" epigraph includes 1,722 thousand euros relating to construction works and 45,105 thousand euros relating mainly to water supply to subscribers, pending invoicing at the above mentioned date.

The epigraph "Assignment without recourse of client credits, third parties" corresponds to the collection of payment rights assigned without recourse by the Company as at 31 December 2020 and 2019 to a syndicate of banks in which Banco Santander acts as agent bank, in based on a contract signed on 15 July 2011 and for an initial duration of 3 years that was renewed in June 2014 and subsequent years expiring on 15 July 2021. According to this contract, the Company acts on its own behalf and also as agent for two subsidiaries Entemanser, S.A. and Aigues de Vallrana, S.A.U., the limit having been extended on two occasions:

- On 5 May 2015, from 90,000 to 102,000 thousands of euros.
- On 14 June 2020 from 102,000 to 115,000 thousands of euros.

10.2. The breakdown for the balance of "Client receivables from Group companies and associates" at 31 December 2020 and 2019, which mainly includes trade activities, was as follows:

CLIENTS, GROUP COMPANIES AND ASSOCIATES

(Amounts in thousands of euros)

GROUP COMPANIES	31.12.20	31.12.19
Abrantaqua, S.A.	871	880
Acque di Caltanissetta, S.P.A.	14,133	17,296
Aguas de Alcázar Empresa Mixta, S.A.	333	339
Aguas de las Galeras, S.L.	(39)	30
Algües de Vallirana, S.A.U.	23	18
AISA D.O.O. Beograd-Vracar	1	1
AISA Montenegro	-	4
AISA Pristina LLC	-	23
Aqua Campiña, S.A.	131	58
Aquaelvas – Aguas de Elvas, S.A.	62	576
Aquafundalia -Agua Do Fundao, S.A.	141	1,500
Aquajerez, S.L.	4,240	1,840
Aqualla Desalación Guaymas, S.A. de C.V.	99	-
Aqualla France	241	31
Aqualia Infraestructuras Inzenyring	-	8
Aqualla Mace LLC	187	287
Aqualla Mace Qatar	262	11
Aqualia México, S.A. de C.V.	765	476
Aqualia Intech, S.A.	779	999
Aquamalor – Aguas del Campo Malor, S.A.	21	22
Cartagua, Aguas Do Cartaxo, S.A.	3,098	2,960
Conservación y Sistemas, S.A.	65	212
Depurplan 11, S.L.	153	97
Empresa Gestora de Aguas Linenses, S.L.	107	138
Entemanser, S.A.	112	198
Fast Consortium Limited LLC	3	2
FCC Aqualla USA Corp	131	36
FCC Construcción, S.A.	213	172
FCC Equal CEE, S.L.	-	1
FCC Medio Ambiente, S.A.	37	6
FCC Servicios Industriales y Energéticos, S.A.	3	20
Fomento de Construcciones y Contratas, S.A.	82	183
H.A.A.&CO	50	-
Hidrotec Tecnología del Agua, S.L.	77	52
Infraestructuras y Distribución General del Agua, S.L.	37	51
Matinsa	11	8
Servicios Hídricos de Agricultura y Ciudad, S.L.U.	16	-
Severomoravske Vodovody a Kanalizace Ostrava, a.s.	211	308
Sociedad Española de Aguas Filtradas, S.A.	232	239
Shariket Tahya Miyah Mostaganem S.p.A.	-	355
Tratamiento Industrial de Aguas, S.A.	95	96
Vodotech Spol, S.R.O.	2	5
Water Sur, S.L.	18	-

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CLIENTS, GROUP COMPANIES AND ASSOCIATES		
<i>(Amounts in thousands of euros)</i>		
GROUP COMPANIES	31.12.20	31.12.19
ASSOCIATED COMPANIES		
Aguas de Archidona, S.L.	380	302
Aguas de Guadix, S.A.	44	-
Aguas de Langreo, S.L.	305	198
Aguas de Narixa, S.A.	19	16
Aguas de Priego, S.L.	426	419
AIE Abast. Alta Costa Brava emp. Mixta	-	3
AIE Aquagest-Aqualla	-	16
AIE Costa Brava AB. Aqualla-Sorea	17	29
AIE Costa Tropical de Granada	3,612	2,842
Algües del Segarra Garrigues, S.A.	28	23
Algües del Vendrell, S.A.	208	155
Compañía de Servicios Medioambientales do Atlántico, S.A.	34	40
Concesionaria de Desalación de Ibiza, S.A.	39	39
Empresa Mixta de Aguas de Jodar, S.A.	553	501
Empresa Mixta de Aguas de Ubrique, S.A.	290	264
Empresa Mixta de Aguas y Servicios, S.A.	82	79
Empresa Municipal de Aguas de Algeciras, S.A.	9,853	5,158
Empresa Municipal de Aguas de Benalmádena, S.A.	67	63
Empresa Municipal de Aguas de Linares, S.A.	1,542	1,103
Empresa Municipal de Aguas de Níjar, S.A.	1,536	2,353
Empresa Municipal de Aguas de Toxiría, S.A.	603	545
Girona, S.A.	-	5
Nueva Sociedad de Aguas de Ibiza, S.A.	1	1
Omán Sustainable Water Services, SAOC	22	39
Orasqualla Devel. Water Treatment Plant. S.A.E.	8	8
Orasqualla O&M	11	6
TOTAL	46,683	43,745

The balance receivable from Shariket Tahlya Miyah Mostaganem S.p.A. and Shariket Miyeh Ras Djinet S.p.A is denominated in US dollars, while the balance with Orasqualla Development Waste Water Treatment Plant, S.A.E., is denominated in Egyptian pounds, the balance with Aqualla Mace LLC, is denominated in Arab Emirates dirhams; the balance with Aquos El Realito, S.A. de CV is denominated in Mexican pesos and the balance for Severomoravske Vodovody to Kanalizace Ostrava, A.S. is denominated in Czech crowns. All of them were converted at the exchange rate applicable at the close of each business year.

10.3 The breakdown of the balance existing under "Impairment of the value of credits for commercial transactions" was as follows:

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IMPAIRMENT OF CREDIT VALUE FOR COMMERCIAL TRANSACTIONS		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Client insolvencies	27,408	25,000
Receivable insolvencies	144	6
TOTAL	27,552	25,006

10.4 Movements in the "Impairment of the value of credits for commercial transactions" account was as follows:

IMPAIRMENT OF THE VALUE OF CREDITS FOR COMMERCIAL TRANSACTIONS	
<i>(Amounts in thousands of euros)</i>	
<i>Variation between 1 January 2019 and 31 December 2019</i>	
Balance at 31 December 2018	28,070
Impairment charge recognised in the current business year	815
Balance arising from change of % of JVs	-
Reversal of impairment charge recognised in previous business years	(3,879)
Balance at 31 December 2019	25,006
<i>Variation between 1 January 2020 and 31 December 2020</i>	
Balance at 31 December 2019	25,006
Impairment charge recognised in the current business year	4,183
Balance from business combinations	445
Reversal of impairment charge recognised in previous business years	(2,082)
Balance at 31 December 2020	27,552

The Company includes the net effect of this provision under the "Losses on, impairment of and variations in provisions for commercial transactions" epigraph (see Note 19.11). This epigraph also includes the loss on receivables deemed to be uncollectible, amounting to 1,352 thousand euros at 31 December 2020 (4,416 thousand euros at 31 December 2019) and other short-term provisions for allocation.

NOTE 11. CASH AND MISCELLANEOUS CASH EQUIVALENTS

Up to the date of issue of the bonds referred to in Note 15.1, the Company participated in the cash pooling system of the FCC Group to which it belongs. From the aforementioned date onwards, treasury was managed autonomously; accordingly, the Company increased its levels of cash considerably arising from its ability to generate cash flows.

In the Company's bond issue environment in the 2017 business year (see note 15.1), guarantees were provided relating to certain accounts held by FCC Aqualia, S.A. at 31 December 2020 with a value of 327,246 thousand euros (251,810 thousand euros at 31 December 2019). These amounts include the balances for debt service accounts amounting to 26,979 thousand euros as at 31 December 2020 and 31 December 2019.

NOTE 12. NET EQUITY

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

12.1. Capital stock is represented by 145,000,000 fully subscribed and paid up registered shares with a nominal par value of one euro each. During the 2001 business year, capital stock was redenominated in euros,



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generating a restricted reserves account amounting to 76 thousand euros, which is posted under the “Other reserves” epigraph in the attached balance sheet. The Company's shares are not listed on the stock market.

During the 2018 business year, Fomento de Construcciones y Contratas, S.A. sold 49% of the capital stock to Global Infraco Spain, S.L.U. belonging to the IFM investment fund and transferred 10% of its shareholding to a company 100% owned by the FCC Group, known as FCC MIDCO, S.A. and its shareholder structure is thereby distributed as follows:

Shareholder	No. of shares	% direct shareholding
Fomento de Construcciones y Contratas, S.A.	59,450,000	41.00
Global Infraco Spain, S.L.U.	71,050,000	49.00
FCC MIDCO, S.A. (*)	14,500,000	10.00
	145,000,000	100.00

(*) FCC MIDCO, S.A. is a company 100% owned by Fomento de Construcciones y Contratas, S.A., making Fomento de Construcciones y Contratas, S.A. the direct and indirect holder of 51% de FCC Aquila, S.A.

12.2. The share issue premium was fully distributable at 31 December 2020 and 2019.

12.3 The breakdown of reserves at 31 December 2020 and 2019 was as follows:

RESERVES		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Legal reserve	29,000	29,000
Voluntary reserves	184,679	101,442
Special reserves	76	76
Commercial fund reserves	32,635	32,635
TOTAL	246,390	163,153

On 28 June 2019, at the Annual General Shareholders Meeting, the Company approved a distribution of dividends charged to Reserves amounting to 90,000 thousand euros, which was paid in full in July of that year.

At 31 December 2020, the Legal Reserve was equal to 20% of capital stock, so no additional amount will be assigned in the distribution of profit for the 2020 business year (see Note 3). Accordingly, the Legal reserve had been fully provisioned at 31 December 2019.

The legal reserve may be used to increase capital by an amount equal to the portion of the balance that exceeds 10% of capital after the increase. Otherwise, until it exceeds 20% of capital stock and provided there are no sufficient available reserves, the Legal reserve may only be used to offset losses.

Availability of voluntary reserves was unrestricted at 31 December 2020 and 2019.

Commercial fund reserve. Under article 273.4 of the Consolidated Spanish Limited Liability Companies

Law, until 31 December 2015, the Company had been provisioning a restricted reserve for the amount of the commercial fund appearing on the asset side of the balance sheet (see Note 5), whose balance at 31 December 2020 was 32,635 thousand euros (same balance at 31 December 2019).

In accordance with the amendments made to the Spanish Limited Liability Companies Law by Audit Law 22/2015, of 20 July, for business years beginning on or after 1 January 2016, the Company interrupted contributions to this commercial fund reserve, and any amount that exceeds the commercial reported on the asset side of the balance sheet must be reclassified as voluntary reserves, and will be made available as from this year. In 2020, no amount was reclassified as Voluntary reserves since the above mentioned circumstance had not arisen.

12.4 Adjustments due to changes in value.

The breakdown for this heading is as follows:

ADJUSTMENTS DUE TO CHANGES IN VALUE		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Financial investments at fair value	5,211	5,953
TOTAL	5,211	5,953

Under this heading the Company records the adjustment made in accounts in 2019 for the fair value valuation of the financial investment in 25.5% of the capital stock of Shariket Ras Djinet, a concessionary company for the desalination plant located in the city of the same name in Algeria and for which it has signed an agreement with one of the other shareholders for the transfer of the political rights of the shares and their ability to significantly influence this company (see notes 8.1 and 7.1).

In the 2020 business year, the Company reduced the balance recorded under this heading by an amount totalling 742 thousand euros as a result of the approval of a dividend in the subsidiary company for that amount.

NOTE 13. GRANTS

The changes under this epigraph in each business year were as follows:

GRANTS	
<i>(Amounts in thousands of euros)</i>	
<i>Variation between 1 January and 31 December 2020</i>	
Balance at 31 December 2019	3,668
Additions during the business year	5
Amount assigned to Profit and Loss	(791)
Tax effect	196
Balance at 31 December 2020	3,078

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GRANTS	
<i>(Amounts in thousands of euros)</i>	
<i>Variation between 1 January and 31 December 2019</i>	
Balance at 31 December 2018	4,225
Additions during the business year	259
Amount assigned to Profit and Loss	(1,002)
Tax effect	186
Balance at 31 December 2019	3,668

The income statement includes 791 thousand euros relating to the assignment to profit and loss of non-financial fixed and non-current assets (1,002 thousand euros at 31 December 2019).

At 31 December 2020, there was an amount totalling 370 thousand euros originating from the inclusion of JVs (370 thousand euros at 31 December 2019). These amounts were granted by the European Union to finance an Investment plan being implemented by the Company in JVs with other companies.

The income statement includes 10,333 thousand euros corresponding to operating grants (11,877 thousand euros at 31 December 2019) relating to grants awarded to the Company by the municipalities that provide a comprehensive water cycle service, in recognition to the concessionary company of the operational shortfall in the concessions, in accordance with the provisions in the specifications for the tender and the contract respectively.

The amounts pending payment in this regard at 31 December 2020 and 2019 are detailed in Note 16.

NOTE 14. PROVISIONS

The breakdown and movements in the 2020 and 2019 business years were as follows:

	LONG-TERM PROVISIONS					
	<i>Variation between 31 December 2019 and 2020</i>					
	BALANCE 31.12.19	(+) PROVISION	(+) UPDATE	(-) APPLICATION/REVERS AL	(+/-) COMBINATION OF BUSINESSES	BALANCE 31.12.20
Provisions for pensions	19	-	-	(19)	-	-
Other provisions	33,190	2,237	4	(2,729)	515	33,217
Provisions for action relating to Infrastructure	33,580	3,149	286	(8,636)	-	28,379
TOTAL	66,789	5,386	290	(11,384)	515	61,596
	<i>Variation between 31 December 2018 and 2019</i>					
	BALANCE 31.12.18	(+) PROVISION	(+) UPDATE	(-) APPLICATION/REVERS AL	(+/-) COMBINATION OF BUSINESSES	BALANCE 31.12.19
Provisions for pensions	28	-	-	(9)	-	19
Other provisions	35,165	2,870	4	(4,849)	-	33,190
Provisions for action relating to Infrastructure	31,053	11,015	442	(8,930)	-	33,580
TOTAL	66,246	13,885	446	(13,788)	-	66,789

The "Other provisions" recorded at 31 December 2020, amounting to 2,237 thousand euros (2,870 thousand euros at 31 December 2019) was recorded with a charge in the "Other current management expenses" epigraph in the attached income statement, and covers contractual responsibilities that could lead to a probable payment obligation in the future.

Updating of the provisions amounting to 290 thousand euros at 31 December 2020 (446 thousand euros at 31 December 2019) was recorded with a charge in the "Financial costs" epigraph (see Note 19.8) in the attached Income Statement.

Long-term provisions correspond to:

- a) Provisions for pensions. The Company externalised all commitments relating to complements to Social Security pensions and retirement bonuses.

Other provisions. Includes the estimates made by the Company for the contractual responsibilities that may be generated for it as a result of a probable payment obligation in the future, with a special mention for, a provision with a Municipality amounting to 14,000 thousand euros for a guarantee deposited before the Court for the submission of an Administrative Appeal. As of the date of the formulation of these accounts, a Judgment was awaited by the Supreme Court of Spain.

- b) Provisions for action relating to infrastructure. This refers to those established whereby the Company is obliged to take action to improve infrastructure and this action is not offset by higher income in the concession. This is balanced by an entry in the "Intangible assets by concession agreement" epigraph. The breakdown by contract at 31 December 2020 and 2019, was as follows:

	<i>(Amounts in thousands of euros)</i>	
	31.12.20	31.12.19
Ajofrín (Toledo)	169	-
Almorox (Cáceres)	165	-
Añover de Tajo (Toledo)	18	150
Arcos de la Frontera (Cadiz)	2,210	2,600
Arco (Santa Cruz de Tenerife)	700	700
Ávila (Ávila)	1,874	1,979
Azuaga (Badajoz)	185	263
Barbate (Cadiz)	302	302
Benalup (Cadiz)	392	392
Bolaños (Ciudad Real)	26	-
Calamonte (Badajoz)	93	104
Candelaria (Santa Cruz de Tenerife)	984	1,076
Candeleda (Ávila)	172	190
Cangas (Pontevedra)	2,337	2,349
Caspe (Zaragoza)	91	112
Castrillón (Asturias)	4,241	4,250
Cazalegas (Toledo)	4	151
Chiclana (Cádiz)	-	-
Els Poblets (Alicante)	140	140
Fraga (Huesca)	22	22
Huerta de Valdecarabanos (Toledo)	26	67
Huésca (Granada)	359	536
La Guardia (Toledo)	-	46

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(Amounts in thousands of euros)		
	31.12.20	31.12.19
Librilla (Murcia)	44	44
Lleida (Lleida)	7,176	8,186
Los Molinos Community of Municipalities (Badajoz)	133	133
Campo de Gibraltar Community of Municipalities (Cádiz)	1,046	1,133
Río Tercón Community of Municipalities (Toledo)	-	35
Mérida (Badajoz)	227	375
Miajadas (Cáceres)	385	414
Moguer (Huelva)	91	319
Navalcán (Toledo)	153	219
San Pedro del Pinatar (Murcia)	1,044	3,436
Santa Eulalia (Balearic Islands)	1,227	1,904
Tarifa (Cádiz)	607	-
Turleque (Toledo)	75	90
Valle del Zabalí (Granada)	-	220
Vigo (Pontevedra)	288	1,098
Villacañas (Toledo)	165	209
Villanueva de Alcardete (Toledo)	48	7
Villaviciosa (Asturias)	147	147
Yepes (Toledo)	733	-
Other contracts	280	182
TOTAL	28,379	33,580

Short-term provisions include the Company's obligations to meet future payment commitments for events occurring when undertaking its activities and which correspond to contractual or legal obligations.

NOTE 15. FINANCIAL LIABILITIES AND TRADE PAYABLES BY CATEGORY

The classification of financial liabilities at the close of the 2020 and 2019 business years was as follows:

BALANCES AT 31.12.20 (In thousands of euros)	Non-current	Current	Total
Payables			
Payables to Group companies and associates (notes 15.2 and 15.3)	-	59,472	59,472
Debt instruments and other marketable values (Note 15.1)	1,346,429	15,301	1,361,730
Miscellaneous financial liabilities (note 15.4)	40,590	12,877	53,467
Trade and other payables	-	262,837	262,837
TOTAL	1,387,019	350,487	1,737,506
<hr/>			
BALANCES AT 31.12. 19 (In thousands of euros)	Non-current	Current	Total
Payables			
Payables to Group companies and associates (notes 15.2 and 15.3)	-	123,507	123,507
Debt instruments and other marketable values (Note 15.1)	1,345,306	15,227	1,360,533
Other financial liabilities	39,129	7,723	46,852
Trade and other payables	-	254,419	254,419
TOTAL	1,384,435	400,876	1,785,311

For financial liabilities classified in the "Purchase Ledger", the difference between book value and fair value is

not significant.

Net gains and losses from financial liabilities relating mainly to the financial cost of the payables to Group companies and associates and bank borrowings and bondholders, amounted to 338 thousand and 30,843 thousand euros respectively at 31 December 2020 (453 thousand euros and 32,079 thousand euros respectively at 31 December 2019) (note 19.8).

15.1. Debt instruments and other marketable values

The detail of this heading was as follows:

Amounts in thousands of euros	31.12.20	31.12.19
Issue of non-convertible listed bonds in Ireland	1,346,429	1,345,306
TOTAL NON-CURRENT	1,346,429	1,345,306
Interest on non-convertible listed bonds in Ireland	15,301	15,227
TOTAL CURRENT	15,301	15,227
TOTAL	1,361,730	1,360,533

Movement at 31 December 2019 and 31 December 2020 was as follows:

	Balance at 31.12.19	Emissions	Interest and others	Balance at 31.12.20
Debt values issued in the EU requiring a prospectus to be registered	1,360,533	-	1,197	1,361,730
	1,360,533	-	1,197	1,361,730

	Balance at 31/12/18	Emissions	Interest and others	Balance at 31.12.19
Debt values issued in the EU requiring a prospectus to be registered	1,359,431	-	1,102	1,360,533
	1,359,431	-	1,102	1,360,533

Issue of non-convertible listed bonds in Ireland.

In the context of the Refinancing Agreement relating to the financial debt of Fomento de Construcciones y Contratas, S.A. and of certain Group companies, agreements made by the Board of Directors of FCC Aqualia at a meeting held on 24 February 2017 included making one or more issues of non-convertible Company bonds, for a joint maximum nominal amount of 1,350,000,000 euros.

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Subsequently, on 1 June 2017, the Irish Stock Exchange approved the prospectus in relating to two issues of non-convertible bond guaranteed by the Company with the following features:

- One of them amounting to 700,000,000 euros with an annual remuneration of 1.413%, maturing in 2022.
- The other amounting to 650,000,000 euros with an annual remuneration of 2.629%, maturing in 2027.

Lastly, on 8 June 2017, the Company executed in the public articles of incorporation the terms and conditions of the two previous issues which, aside from those already mentioned, have the following features:

- The nominal value of the bonds is 100,000 euros and, above that figure, in whole multiples of 1,000 euros, until reaching 199,000 euros.
- Interest will be paid annually on 8 June of each year.
- The amortisation dates envisaged for the first and second issues are 8 June 2022 and 8 June 2027, respectively.
- The non-convertible bonds are admitted for trading on the Irish Stock Exchange, on an unregulated market.
- Both issues have the following guarantees:
 - o Pledge on 100% of the shares of Tratamiento Industrial de Aguas, S.A., Conservación y Sistemas, S.A., Sociedad Española de Aguas Filtradas, S.A., Depurplán y Aigues de Vallirana, S.A. and 97% of the shares of Entemanser, S.A.
 - o Pledge on 100% of the shares of Infraestructura y Distribución General del Agua, S.L., Empresa Gestora de Aguas Linenses. S.L., Aguas de las Galeras, S.L., Hidrotec Tecnología del Agua, S.L. and on 51% of Aqualia Czech.
 - o Pledge on 98% of the shares of Acque di Caltanissetta and on 100% of the shares of Aqualla Mexico, S.A.C.V.
 - o Pledge on the balances of certain accounts. (Note 11)

Under the heading of "Interest payable on bonds and other marketable values", the Company recorded an amount totalling 15,301 thousand euros at 31 December 2020 (15,227 thousand euros at 31 December 2019) for interest accrued since 8 June each year.

The listing for these debentures at 31 December 2020 was as follows:

- Bonds maturing in 2022: 101.439 %.
- Bonds maturing in 2027: 108.988 %.



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In addition to the guarantees set forth in the previous paragraphs, the non-convertible bond issues by FCC Aqualia have the following limits within the sphere of the Consolidated Group:

- Restriction to new financial indebtedness that did not exist on the date the bonds were issued if a Net Debt / Ebitda proportion of less than 5 times is not reached or if it does not involve the purchase and sale of goods and services, possible employee claims, or contractual obligations and guarantees provided by the FCC Aqualia Group in the normal performance of its activities. In addition to the above-mentioned transactions, it is permitted to grant credits and loans within the consolidation perimeter. This financial debt restriction does not include the three subsidiaries that have their own funding, namely Severomoravske Vodovody a Kanalizace Ostrava, Shariket Talhya Mostaganem and Aquajerez, or without recourse financing on behalf of the Group.
- Restrictions on the distribution of dividends. A dividend distribution is not allowed as long as a Net Debt to EBITDA ratio of less than 5 times is not reached.
- Restriction to variations in the Company's capital structure and in that of its investees whose shares are subject to pledge, except for capital increases permitted in accordance with the terms and conditions of the issue.

15.2. Current payables to Group companies and associates at 31 December 2020 and 2019 for financial transactions and the tax effect of tax consolidation were as follows:

SHORT-TERM PAYABLES TO GROUP COMPANIES AND ASSOCIATES		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Acque DI Caltanissetta, S.P.A.	995	1,819
Agua y Gestión Ciclo Integral, S.L.U.	-	30
Aguas de Archidona, S.L.	2	1
Aguas de las Galeras, S.L.	83	417
Aguas de Priego, S.L.	5	3
Aguas de Tomovi, S.A.	32	32
Aguas del Vendrell	132	46
AIE Itam Delta de la Tordera	-	749
Algües de Vallirana, S.A.U.	258	3,261
Aqua Campiña, S.A.	43	28
Aqualia Czech, S.L.	5,470	2,632
Aqualia France, S.A.	5,500	-
Aqualia Intech, S.A.	6,595	33,612
Aqualia México, S.A. de C.V.	2,516	2,961
Augas Municipals de Artabo, S.A.	1	1
Conservación y Sistemas, S.A.	4,430	4,416
Depurplan 11, S.A.U.	9,581	7,777
Empresa Gestora de Aguas Linenses, S.L.	6,163	199
Empresa mixta de Aguas de Jodar, S.A.	3	-
Empresa Mixta de Aguas de Ubrique, S.A.	527	509
Empresa Mixta de Butarque, S.A.	166	166
Empresa Municipal de Aguas de Linares, S.A.	104	-
Entemanser, S.A.	3,044	3,489



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SHORT-TERM PAYABLES TO GROUP COMPANIES AND ASSOCIATES		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
FCC Medio Ambiente, S.A.	340	-
FCC Construcción, S.A.	-	71
Fomento de Construcciones y Contratas, S.A.	2	534
Grupo Proactiva	13	13
Hidrotec, S.L.	-	13,338
Infraestructuras y Distribución General de Agua, S.L.	2,695	9,185
Servicios Hídricos de Agricultura y Ciudad	72	290
Shariket Taliya Miyah Mostaganem	-	-
Sistemas y Vehículos de Alta Tecnología, S.A.	17	17
Sociedad Española de Aguas Filtradas, S.A.	2,947	6,463
Sociedad Ibérica del Agua, S.A.	10	203
Tratamiento Industrial de Aguas, S.A.	7,695	31,252
Water Sur, S.L.	31	(7)
TOTAL	59,472	123,507

As at 31 December 2020, the short-term balance maintained with the subsidiaries that belong to the FCC Aqualia tax group for corporate tax amounted to 5,596 thousand euros (4,553 thousand euros at 31 December 2019).

The average interest rate applied in 2020 and 2019 was 0.10%.

15.3. The accounts payable to Group companies and associates for trading activities were as follows:

CURRENT SUPPLIERS FOR GROUP COMPANIES AND ASSOCIATES IN THE SHORT TERM		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
A.I.E. Itam Delta de la Tordera	-	798
Aguas de Archidona, S.L.	13	1
Aguas de Denia, S.A.	181	181
Aguas de Langreo, S.A.	7	14
Aguas de las Galeras, S.L.	(4)	1
AIE Costa Tropical de Granada	3	5
Aigues del Vendrell	1	1
Aqua Campiña, S.A.	188	-
Aquajerez, S.L.	90	3
Aqualia Intech, S.A.	207	323
Aqualia MACE	4	-
Aqualia México, S.A. de C.V.	160	207
Áridos de Melo, S.L.	-	15
Asesoría Financiera y de Gestión, S.A.	247	-
Betearte, S.A.	16	-
Conservación y Sistemas, S.A.	24	11
Ecoactiva Medioambiente, S.A.	2	8
Emp. Gestora de Aguas Linenses, S.L.	24	26
Emp. Mixta de Aguas de Ubrique, S.A.	5	5
Emp. Mixta de Aguas y Servicios, S.A.	49	66
Emp. Municipal Mixta de Aguas de Níjar	199	587
Empresa Municipal de Aguas de Algeciras, S.A.	3,582	385
Empresa Municipal de Aguas de Linares, S.A.	10	6



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CURRENT SUPPLIERS FOR GROUP COMPANIES AND ASSOCIATES IN THE SHORT TERM		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Entemanser, S.A.	123	105
FCC Ámbito, S.A.	40	8
FCC Construcción, S.A.	2,346	3,435
FCC Equal CEE, S.L.	5	9
FCC Industrial y Servicios Energéticos, S.A.	33	19
FCC Medio Ambiente, S.A.	53	12
Fedemes, S.L.	356	488
Fomento de Construcciones y Contratas, S.A.	2,907	3,020
Gamasur Gibraltar, S.L.	5	34
Hidrotec Tecnología del Agua, S.L.	8,372	7,399
Hormigones Reñares	1	1
Infraestructuras y Distribución General de Agua, S.L.	-	49
Integraciones Ambientales de Cantabria, S.A.	6	-
Nueva Sociedad de Aguas de Ibiza, S.A.	26	26
Orasqualia Devel. Waste T.P. S.A.E.	22	-
Prefabricados Delta, S.A.	6	-
Proveiments D'Aigua, S.A.	28	11
Servicios Especiales de Limpieza, S.A.	1	1
Severomoravske Vodovody A Kanal Ost	1	1
Sociedad Española de Aguas Filtradas, S.A.	1,049	191
Tratamiento Industrial de Aguas, S.A.	3,588	3,286
TOTAL	23,976	20,738

15.4. Other financial liabilities.

This epigraph mainly includes deposits received from subscribers in water contracts and suppliers of fixed and non-current assets.

NOTE 16. PUBLIC ADMINISTRATIONS AND TAX MATTERS

After the sale operation completed in the 2018 business year, as mentioned in Note 1 for these accounts, the Company ceased to be part of the consolidated tax report headed by Fomento de Construcciones y Contratas, S.A.

Since 13 February 2019, and effective from 1 January 2019, the Company is the head of Tax Group 233/19.

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16.1 Balances with Public Administrations.

The breakdown of the balance held with Public Administrations at 31 December 2020 and 2019 was as follows:

RECEIVABLE FROM PUBLIC ADMINISTRATIONS		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Current tax assets	-	1,481
Public Treasury Receivables for grants awarded	27,233	24,745
Other tax grants receivable from the Public Treasury	131	118
TOTAL	27,364	26,344
CURRENT PAYABLES TO PUBLIC ADMINISTRATIONS		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Current tax liabilities	1,562	4,403
VAT payable to Public Treasury	184	156
Public Treasury withholdings payable on account of personal work	2,581	2,597
Public Treasury withholdings payable on account of movable capital and real estate	62	65
Other Public Treasury withholdings payable	63,859	66,095
Accrual of fees and other taxes	1,052	1,014
Indirect Taxes Assigned	416	719
Amounts Payable to Social Security	4,718	4,374
Current VAT deferrals payable to Public Treasury	70	4
Current tax deferrals payable to Public Treasury on account of personal work	215	41
TOTAL	74,719	79,468

"Other taxes payable to Public Treasury" mainly include the taxes collected by the Company on behalf of certain municipalities and which were outstanding at 31 December 2020 and 2019.

16.2 Deferred tax assets and liabilities.

Deferred tax assets correspond essentially to provisions that are non-deductible for tax purposes in the business year, temporary restriction in the deduction of the amortisation of fixed and non-current assets recorded in previous business years and negative taxable amounts for the JVs that assign their profit/(loss) in the following business year, while deferred tax liabilities correspond essentially to non-repayable grants, taxable amounts for the JVs that will be assigned to profit/(loss) in the following business year and to the capitalisation of the financial burden, concession agreement.

DEFERRED TAX ASSETS		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Impairment of portfolio, fixed and non-current assets and clients	12,424	12,289
Amortisations	2,230	2,774
For the profit/(loss) of JVs assigned to the following business year and adjustments thereto	3,394	2,424
Other	1,708	325
TOTAL	19,756	17,812

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DEFERRED TAX LIABILITIES		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
For the profit/(loss) of JVs assigned to the following business year and adjustments thereto	4,974	5,153
For financial leases	-	9
For non-deductible portfolio provisions	-	1,127
For freedom of amortisation	449	509
For capital grants	-	1,378
Other	1,392	141
TOTAL	6,815	8,317

Movements in deferred tax assets and liabilities were as follows:

	Deferred tax assets	Deferred tax liabilities
Balance at 31.12.2018	27,471	7,824
Originating in the business year	209	4,144
Originating in previous business years	(3,055)	(3,984)
Other adjustments	(6,813)	333
Balance at 31.12.2019	17,812	8,317
Originating in the business year	316	3,139
Originating in previous business years	(814)	(3,895)
Other adjustments	2,442	(746)
Balance at 31.12.2020	19,756	6,815

16.3 Reconciliation between accounting profit and taxable profit:

Reconciliation between accounting profit for the business year and taxable profit for corporate income tax purposes at 31 December 2020 and 2019, was as follows:

RECONCILIATION OF ACCOUNTING PROFIT		
WITH TAXABLE PROFIT FOR CORPORATE INCOME TAX PURPOSES		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Accounting profit/(loss) for the business year before tax	131,452	113,909
Permanent differences	(57,866)	(23,895)
Adjusted accounting profit/(loss)	73,586	90,014
Temporary differences: Advances	(1,993)	(11,384)
Originating in the business year	1,262	837
Originating in previous business years	(3,255)	(12,221)
Temporary differences: Deferred	3,025	(640)
Originating in the business year	(12,555)	(16,576)
Originating in previous business years	15,580	15,936
Basic taxable amount	74,618	77,990

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In the above table, special mention should be made of the permanent differences corresponding to both business years. These differences arise from exemption in order to avoid the double taxation of dividends. Corporate Income Tax Law 27/2014, of 27 November, to be applied from the 2015 business year, eliminated the tax credit for the double taxation of dividends, substituting it with the aforementioned exemption.

16.4 Tax recognised in Net Equity

No tax was recognised in Net Equity for a significant amount in the 2020 and 2019 business years.

16.5 Reconciliation between accounting profit and corporate income tax expense.

The calculation of Corporate Income Tax for accounting purposes was as follows:

CALCULATION OF CORPORATE INCOME TAX FOR ACCOUNTING PURPOSES		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Profit before tax	131,452	113,909
-Permanent differences	(57,866)	(23,895)
Adjusted Accounting Profit	73,586	90,014
Accrued gross corporate income tax (25%)	18,397	22,504
+Tax credits and discounts	(582)	(672)
+Miscellaneous adjustments	1,272	11,194
Corporate Income Tax expense	19,087	33,026

As at 31 December 2020, "Other adjustments" included an expense of 2,997 thousand euros for corporate income tax accrued by permanent establishments abroad and an income of 1,719 thousand euros for the deductions applied in the settlement of corporate income tax submitted in July 2020.

As at 31 December 2019, "Other adjustments" included an amount of 2,234 thousand euros for corporate income tax accrued by permanent establishments abroad and an amount of 6,813 thousand euros for the assignment to profit/(loss) of assets for deferred tax after re-evaluation by the Company of its future recoverability.

16.6 Breakdown of Corporate Income Tax expense

The breakdown of Corporate Income Tax expense for the 2020 and 2019 business years was as follows:

Breakdown of corporate income tax expense		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Current tax	17,809	24,067
Deferred taxes	1,278	8,959
Total corporate income tax (expense)/income	19,087	33,026

16.7 Tax loss carryforwards and tax credits pending application

The Company does not have any unused tax loss carryforwards or unused tax credits.



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16.8 Business years for which inspections are outstanding

As at 31 December 2020, the Company is subject to tax inspection for business years 2015 to 2017 for Corporate Income Tax as a result of being a member of Tax Group 18/89 of which Fomento de Construcciones y Contratas is the parent company and the Value Added Tax and the Income Tax Withholding Tax for the period from June 2016 to December 2017. In these annual accounts, no amount is recorded as a provision for tax records for these inspections since The Company understands that if there are different criteria for interpreting the tax and accounting regulation, these will not entail significant liabilities in this review. And in relation to the rest of the taxes to which the Company is subject, the last four business years remain open for inspection for all taxes, without the administrators estimating that any significant liabilities may arise.

With regard to other business years that have been inspected at Group companies, in certain cases, the different criteria applied by the tax authorities have given rise to claim assessments, which are currently being appealed against by the corresponding Group companies.

The criteria that the tax authorities could apply with regard to the business years open to inspection could give rise to contingent tax liabilities that may not be objectively quantified. The administrators consider that the resulting liabilities, relating both to the business years open to inspection and to the proceedings filed, will not significantly affect the Company's equity.

NOTE 17. LONG-TERM ACCRUALS

This epigraph covering the balance sheet at 31 December 2020 and 2019 includes the amounts received in the tariff to undertake works and investments that involve environmental improvements in the water supply networks during the construction phase and right up until they are implemented.

NOTE 18. GUARANTEES AND SECURITIES

At 31 December 2020, the Company had provided securities, mainly to guarantee compliance with its contractual obligations, and as collateral in the submission of bids for future contracts, for an amount of 234,810 thousand euros (270,989 thousand euros at 31 December 2019). It had also granted guarantees vis-à-vis third parties for the following Group companies and for the following amounts (in thousands of euros):

	31.12.20	31.12.19
Abrantaqua	463	463
Aguilla Latinoamérica, S.A.	2,603	-
Agua de las Galeras, S.L.	727	727
Aquajerez, S.L.	224	-
Acque di Caltanissetta, S.p.a.	10,083	9,745
Aguilla Coech, S.L.	37	37
Aguilla Intech, S.A.	11,482	15,918
Concesionario de Desalación de Ibiza, S.A.	9	9
Conservación y Sistemas, S.A.	148	39
Sociedad Española de Aguas Filtradas, S.A.	156	121
Tratamiento Industrial de Aguas, S.A.	21	21
Aguilla Médico, S.A. de C.V.	3,748	3,765

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	31.12.20	31.12.19
Aquamalor – Aguas de Campomaior, S.A.	900	900
Empresa Gestora de Aguas Lirenses, S.L.	90	90
Hidrotec Tecnología del Agua, S.L.	29	25
TOTAL	10,654	11,798

The Company's Administrators do not expect any significant liabilities to arise from the guarantees presented.

NOTE 19. REVENUE AND EXPENSES

19.1 The distribution of the Company's net revenue by geographical location and type of activity was as follows:

		TURNOVER BY GEOGRAPHICAL AREA (Amounts in thousands of euros)	
Autonomous Region		31.12.20	31.12.19
Andalusia		178,125	178,516
Aragón		8,956	8,051
Asturias		28,470	30,123
Balearic Islands		32,586	35,957
Canary Islands		22,871	25,672
Cantabria		21,645	21,581
Castilla - La Mancha		60,854	54,432
Castilla - León		46,478	48,851
Catalonia		58,721	53,902
Autonomous Community of Valencia		37,970	37,045
Extremadura		41,576	40,334
Galicia		58,912	60,446
Madrid		107,904	70,553
Murcia		34,177	32,650
Navarre		2,828	2,949
Basque Country		3,016	3,035
La Rioja		5,868	5,929
Melilla		260	-
	Total for Spain	751,217	710,026
International			
United Arab Emirates		529	343
Bosnia and Herzegovina		53	53
Chile		-	3
Serbia		17	13
Czech Republic		124	330
Algeria		12,507	10,067
Egypt		204	207
Colombia		365	156
Italy		5,581	5,668
France		250	31
Mexico		403	167
Montenegro		1	13
Portugal		2,260	2,560
Saudi Arabia		488	885
Tunisia		1	80
United States		157	45
Ecuador		30	24
Romania		5	7
Panama		1,378	3,548

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Qatar	260	12
Omán	283	276
International total	24,895	24,488
TOTAL	776,112	734,514

TURNOVER BY TYPE OF ACTIVITY
(Amounts in thousands of euros)

	31.12.20	31.12.19
Supply	390,801	389,640
Sewage	116,667	113,881
Sewage treatment	93,986	90,422
Hydraulic works	59,993	64,562
Income from shareholding in capital	73,097	39,352
Desalination	13,712	10,387
Other income	27,856	26,270
TOTAL	776,112	734,514

The breakdown of income from shareholding in capital received from Group companies and associates in the 2020 and 2019 business years was as follows:

DIVIDENDS RECEIVED
(Amounts in thousands of euros)

	31.12.20	31.12.19
Tratamiento Industrial de Aguas, S.A.	25,110	8,340
Conservación y Sistemas, S.A.	292	412
Aqualla Czech, S.L.U.	10,945	8,800
Aqua Campiña, S.A.	309	277
Entemanser, S.A.	3,928	5,468
Infraestructuras y Distribución General del Agua, S.A.	597	448
Depurplan 11, S.A.	986	105
Sociedad Ibérica del Agua, S.A.U.	73	70
Aguas de las Galeras, S.L.	151	379
Sociedad Española de Aguas Filtradas, S.A.	4,736	943
Hidrotec Tecnología del Agua, S.L.U.	4,433	3,659
Aquajerez, S.L.	3,130	3,525
Aqualla Mace LLC	1,887	3,689
Aqualla Infraestructuras Inzenyring	1,221	1,255
Shariket Tahiyah Mlyah Mostaganem	6,561	-
Aqualla France	2,032	-
Algões de Valirana, S.A.U.	3,164	-
TOTAL GROUP COMPANIES	69,555	37,370
Nueva Sociedad de Aguas de Ibiza, S.A.	-	28
AIE Ciudad Real	57	100
AIE Costa Tropical de Granada	238	689
Aguas de Guadix, S.A.	37	-
AIE Costa Brava Ab. Aqualla-Sorea	47	36
Aguas de Narba, S.A.	78	-
Empresa Municipal de Aguas de Linares, S.A.	132	210
Empresa Municipal de Aguas de Benalmádena, S.A.	346	401
Concesionaria de Desalación de Ibiza, S.A.	148	229
Aguas de Alcázar, S.A.	409	193
A.I.E. Sorea - Aqualla	84	70
A.I.E. I.T.A.M. Delta de la Tordera	-	(178)
Shariket Mlyeh Ras Djinet S.p.a	781	-



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Suministros aguas de Querétaro, S.A. de C.V.	42	53
Orasquilla O&M	919	-
Omán Sustainable Water Services SAOC	226	151
TOTAL ASSOCIATES	3,542	1,982
TOTAL DIVIDENDS	73,097	39,352

Breakdown of the contribution of JVs to turnover in thousands of euros:

JOINT VENTURE	31.12.20	31.12.19
Agua Santo Domingo JV	144	142
Agua de Alcalá JV	7,038	7,293
Aigües Els Poblets JV	101	843
Alkhorayef-FCC Aquella JV	-	146
Aquella - FCC Vigo JV	40,851	42,653
Aquella - Riofabar Piloña JV	316	310
Centro Deportivo Granadilla de Abona JV	369	835
Consorcio Louro JV	2,791	2,964
Costa Tropical III JV	1,198	3,027
Depuración Poniente Almería JV	1,623	1,632
EDAM Santa Eulalia JV	-	48
WWTP A Guarda 2013 JV	40	40
Albuñol WWTP JV	94	-
WWTP Cuerva JV	-	28
WWTP Ranilla JV	1,444	1,280
WWTP Reinoso JV	476	487
DWTP Este JV	237	842
FCC - Aquella Oviedo JV	14,859	15,522
Gestión Cangas JV	1,423	1,388
Groupement Solidaire Jerbe JV	1	80
Hidr-Inv. Do Centr. Ace JV	486	873
Mancomunidad de Órbigo JV	179	168
Nigrán JV	-	855
OYM Cap Djinet JV	5,026	4,483
OYM Mostaganem JV	7,446	5,553
Redes CABB JV	-	535
Redondela JV	1,974	1,931
Sollanoko Ura JV	1,013	465
USSA A 17 JV	1,040	705
SWDP Janubio JV	-	246
Reparaciones Lote 9 JV	3,635	2,605
C.H. Talave JV	69	77
Alcantarillado Burgos JV	233	244
Alcantarillado Madrid Lote D JV	8,371	8,857
Recirculación La Gavia JV	-	392
Calle Cruz JV	(6)	(20)
Periférico Lote 3 JV	-	1,820
Consorcio PTAR Aranjón JV	1,378	3,548
TSE Riad JV	480	715
Fuentes de Cádiz JV	114	114
Ibiza JV	-	199
Argamasilla de Castrava WWTP Project JV	1,328	16
Gallindo-Beurko JV	378	157
SWDP Santa Eulalia JV	284	257
Alcantarillado Alcoy JV	101	99
Zaragoza Sewerage System JV JV	1,000	-
Desaladora Bajo Almanzora JV	299	-
Melilla SWDP Expansion JV	261	-
Abastecimiento Picadas Almoguera JV	2,325	-
Estaciones Perales	48	-
TOTAL	110,467	114,454



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19.2 Income and expenses with related parties. The following related party transactions were performed in 2020 and 2019:

TRANSACTIONS WITH GROUP COMPANIES IN 2020				
(Amounts in thousands of euros)				
	OPERATIONAL		FINANCIAL	
	EXPENSES	INCOME	EXPENSES	INCOME
Abrantaqua, S.A.	-	129	-	91
Acque di Caltanissetta, S.P.A.	70	5,583	-	46
Aqualia Intech, S.A.	132	1,681	-	107
Aquamalor - Aguas de Campo Maior, S.A.	-	146	-	13
Aqualia México, S.A. de C.V.	-	614	160	-
Aqualia Infraestructuras Inzenyryng, s.r.o.	-	5	-	-
Aquaelvas – Aguas de Elvas, S.A.	-	386	-	56
Aquafundalla – Aguas do Fundao, S.A.	-	600	-	41
Aguas de Alcázar Empresa Mixta, S.A.	2	676	-	117
Aguas de las Galeras, S.L.	-	99	(1)	1,586
AISA Pristina LLC	-	40	-	-
AISA Montenegro	-	14	-	-
Aquajerez, S.L.	427	5,887	-	623
Aqualia Mace LLC	109	818	-	-
Aqualia Desalación Guaymas, S.A. de C.V.	-	99	-	-
Aqualia France	-	250	-	-
Algdes de Vallirana, S.A.U.	-	28	114	-
Aqua Campiña, S.A.	10	438	-	17
Aguas de Guadix, S.A.	-	147	-	-
Cartagua, Aguas do Cartaxo, S.A.	-	839	-	150
Conservación y Sistemas, S.A.	58	375	47	-
Depurplan 11, S.A.	-	981	-	94
Ecoactiva de Medioambiente, S.A.	10	-	-	-
Empresa Gestora de Aguas Linenses, S.L.	156	412	-	313
Entemanser, S.A.	563	512	-	-
Fedemes, S.L.	2,912	-	-	-
Fomento de Construcciones y Contratas, S.A.	12,758	272	-	29,107
FCC USA Aqualia Corp	-	95	-	-
FCC Ámbito, S.A.	74	-	-	-
FCC Construcción, S.A.	46	498	-	-
FCC Equal CEE, S.L.	8	-	-	-
FCC Industrial e Infraestructuras Energéticas, S.A.	145	80	-	-
FCC Medio Ambiente, S.A.	52	149	-	-
Gamasur Campo Gibraltar, S.A.	46	-	-	-
Hidrotec Tecnología del Agua, S.L.	28,156	355	2	-
H.A.A. & CO. Integrated Serv	-	50	-	-
Infraestructuras y Distribución General de Agua, S.L.	393	115	-	-
Integraciones Ambientales de Cantabria, S.A.	7	-	-	-
Matinsa, S.A.	3	40	-	-
Manipulación y Recuperación MAREPA, S.A.	2	-	-	-
Megaplas, S.A.	40	-	-	-
Prefabricados Delta, S.A.	20	-	-	-
Sdad. Española de Aguas Filtradas, S.A.	4,049	818	3	-
Severomoravske Vodovody A Kanalizace Ostrava AS	-	311	-	-
Tratamiento Industrial de Aguas, S.A.	21,578	468	13	-
Vodotech, spol. s.r.o	-	10	-	-
Aridos de Melo, S.L.	108	-	-	-
Servicios Hídricos Agricultura y Ciudad, S.L.U.	-	13	-	96
Qatarat Saquia Desalination	-	-	-	260



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Ecosistema de Morelos, S.A de C.V	-	-	-	259
Watersur, S.L	-	5	-	-
TOTAL	71,934	24,038	338	32,976

TRANSACTIONS WITH GROUP COMPANIES IN 2019

(Amounts in thousands of euros)

	OPERATIONAL		FINANCIAL	
	EXPENSES	INCOME	EXPENSES	INCOME
Abrantaqua, S.A.	-	128	-	86
Acque di Caltanissetta, S.P.A.	125	5,417	-	86
Aqualia Intech, S.A.	48	1,853	2	32
Aquamalor - Aguas de Campo Malor, S.A.	-	147	-	13
Aqualia Médco, S.A. de C.V.	22	151	185	-
Aqualia Infraestructuras Ingeniería, s.r.o.	-	8	-	-
Aquaelvas - Aguas de Elvas, S.A.	-	389	-	72
Aquafundalia - Aguas do Fundao, S.A.	-	489	-	45
Aguas de Alcázar Empresa Mixta, S.A.	-	684	-	141
Aguas de las Galeras, S.L.	4	99	11	1,559
AISA Pristina LLC	-	36	-	-
AISA Montenegro	-	31	-	-
AISA D.O.O. Beograd-Vracar	-	2	-	-
Aquajerez, S.L.	4	4,418	-	937
Aqualia Mace LLC	9	355	-	-
Aqualia New Europe BW	-	161	-	-
Aqualia Desalación Guaymas, S.A. de C.V.	-	82	-	-
Aqualia France	-	31	-	-
Algües de Vallirana, S.A.U.	-	27	141	-
Aqua Campiña, S.A.	-	394	-	21
Aguas de Alcaldesa, S.L.UNIPERSONAL	3	-	-	-
Cartagua, Aguas do Cartaxo, S.A.	-	1,222	-	152
Conservación y Sistemas, S.A.	103	198	73	-
Depurplan 11, S.A.	-	972	-	275
Ecoactiva de Medioambiente, S.A.	19	-	-	-
Empresa Gestora de Aguas Linenses, S.L.	178	542	-	413
Entemanser, S.A.	150	537	-	-
Fedemes, S.L.	2,801	-	-	-
Fomento de Construcciones y Contratas, S.A.	12,441	95	-	29,027
FCC USA Aqualia Corp	143	45	-	-
FCC Ámbito, S.A.	36	-	-	-
FCC Construcción, S.A.	3,829	379	-	-
FCC Equal CEE, S.L.	12	1	-	-
FCC Industrial e Infraestructuras Energéticas, S.A.	53	92	-	-
FCC Medio Ambiente, S.A.	16	4	-	-
FC y C, S.L.	8	-	-	-
Gamasur Campo Gibraltar, S.A.	56	-	-	-
Hidrotec Tecnología del Agua, S.L.	27,855	162	6	-
Infraestructuras y Distribución General de Agua, S.L.	381	205	-	-
Matinsa, S.A.	-	24	-	-
Manipulación y Recuperación MAREPA, S.A.	2	-	-	-
Prefabricados Delta, S.A.	4	-	-	-
Servicios Especiales de Limpieza, S.A.	64	-	-	-
Sociedad Española de Aguas Filtradas, S.A.	4,824	542	7	-
Sistemas y Vehículos de Alta Tecnología, S.A.	2	-	-	-
Severomoravske Vodovody A Kanalizace Ostrava AS	-	308	-	-
Tratamiento Industrial de Aguas, S.A.	21,153	167	28	-
Vodotech, spol. s.r.o	-	14	-	-



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Aridos de Melo, S.L.	64	-	-	-
TOTAL	74,409	20,411	453	32,860

TRANSACTIONS WITH ASSOCIATES IN 2020
(Amounts in thousands of euros)

	OPERATIONAL		FINANCIAL	
	EXPENSES	INCOME	EXPENSES	INCOME
Abastecimiento Aita Costa Brava emp. Mixta	-	5	-	-
Aguas de Denia, S.A.	256	-	-	-
Aguas de Archidona, S.L.	13	510	-	29
Algües del Segarra Garrigues, S.A.	-	131	-	-
Algües del Vendrell, S.A.	18	514	-	271
Aguas de Langreo, S.A.	25	146	-	180
Aguas de Narba, S.A.	-	165	-	270
Aguas de Priego, S.L.	-	122	-	163
A.I.E. Costa Tropical de Granada	4	2,394	-	1,114
A.I.E. I.T.A.M. Delta de la Tordera	1	-	-	-
A.I.E. Sorea - Aqualla	-	52	-	-
A.I.E. Costa Brava	-	87	-	-
Betearte, S.A.U.	24	-	-	-
Cía. Servicios Medioambientales Atlántico, S.A.	-	118	-	-
Concesionaria Desalación Aguas de Ibiza, S.A.	-	449	-	-
Empresa Municipal de Aguas de Linares, S.A.	22	4,542	-	-
Emanagua E ^a Mpal. De Aguas de Njar, S.A.	981	3,849	-	26
Empresa Mixta de Aguas de Ubrique, S.A.	5	1,040	-	-
Empresa Mixta de Aguas y Servicios, S.A.	241	395	-	-
Empresa Mixta de Aguas de Jódar, S.A.	(14)	562	-	66
Empresa Mpal. De Aguas de Algeciras, S.A.	2,331	10,144	-	15
Empresa Mpal. Aguas de Benalmádena, S.A.	-	736	-	34
Empresa Mpal. Aguas de Toxdrta, S.A.	188	987	-	-
Girona, S.A.	-	24	-	-
Hormigones Reinares, S.A.	3	-	-	-
Nueva Sociedad de Aguas de Ibiza, S.A.	(2)	2	-	-
Orasqualia Devel. Waste T.P. S.A.E.	-	96	-	-
Orasqualia O&M	-	96	-	-
Omán Sustainable Water Services SAOC	-	283	-	-
Provelments d'Algua, S.A.	51	-	-	-
Shariket Mlyeh Ras Djinet	-	5,026	-	-
Shariket Tahya Mlyah Mostaganem	-	7,446	-	-
Constructora de Infr. de Aguas de Querétaro, S.A. de C.V.	1	-	-	-
TOTAL	4,126	39,921		2,168

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TRANSACTIONS WITH ASSOCIATES IN 2019				
<i>(Amounts in thousands of euros)</i>				
	OPERATIONAL		FINANCIAL	
	EXPENSES	INCOME	EXPENSES	INCOME
Abastecimiento Alta Costa Brava emp. Mixta	-	12	-	-
Aguas de Denia, S.A.	256	-	-	-
Aguas de Archidona, S.L.	1	493	-	30
Algües del Segarra Garrigues. S.A.	-	193	-	-
Algües del Tomoví, S.A.	8	215	-	-
Algües del Vendrell, S.A.	10	336	-	206
Aguas de Langreo, S.A.	46	15	-	196
Aguas de Narixa, S.A.	-	156	-	(709)
Aguas de Priego, S.L.	-	99	-	169
A.I.E. Costa Tropical de Granada	35	4,255	-	1,072
A.I.E. I.T.A.M. Delta de la Tordera	5	(24)	-	-
A.I.E. Sorea - Aqualla	-	52	-	-
A.I.E. Costa Brava	-	117	-	-
Cía. Servicios Medioambientales Atlántico, S.A.	-	130	-	-
Concesionaria Desalación Aguas de Ibiza, S.A.	-	457	-	-
Empresa Municipal de Aguas de Linares, S.A.	16	4,375	-	-
Emanagua E ^a Mpal. De Aguas de Níjar, S.A.	1,172	3,869	-	31
Empresa Mixta de Aguas de Ubrique, S.A.	5	968	-	-
Empresa Mixta de Aguas y Servicios, S.A.	253	346	-	-
Empresa Mixta de Aguas de Jódar, S.A.	-	579	-	69
Empresa Mpal. De Aguas de Algeciras, S.A.	2,315	9,970	-	19
Empresa Mpal. Aguas de Benalmádena, S.A.	-	884	-	38
Empresa Mpal. Aguas de Toxiría, S.A.	12	993	-	-
Fast Consortium Limited LLC	-	24	-	-
Girona, S.A.	-	24	-	-
Hormigones Reñares, S.A.	2	-	-	-
Nueva Sociedad de Aguas de Ibiza, S.A.	62	2	-	-
Orasqualia Devel. Waste T.P. S.A.E.	12	96	-	-
Orasqualia O&M	-	69	-	-
Omán Sustainable Water Services SAOC	-	231	-	-
Provelments d'Algua, S.A.	58	-	-	-
Shariket Miyeh Ras Djinet	-	4,483	-	-
Shariket Tahlya Miyah Mostaganem	-	5,553	-	-
TOTAL	4,268	38,903	-	1,121

The transactions made with Shariket Tahlya Miyah Mostaganem S.p.A. and Shariket Miyeh Ras Djinet S.p.A are denominated in US dollars, while those made with Orasqualia Development Waste Wastewater Treatment Plant, S.A.E. are denominated in Egyptian pounds; those made with Aquos El Realito, S.A. de CV are denominated in



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Mexican pesos and those made with Severomoravske Vodovody A Kanalizace Ostrava AS are denominated in Czech crowns.

There is a breakdown of the balances and transactions with the members of the Board of Directors in Note 22.

19.3 Consumables. The breakdown at 31 December 2020 and 2019 was as follows:

CONSUMABLES		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Consumption of commodities	88,339	90,662
Consumption of raw materials and other consumables used	88,187	88,112
Subcontracted work	83,488	81,673
TOTAL	260,014	260,447

19.4 Outsourced services. The breakdown at 31 December 2020 and 2019 was as follows:

OUTSOURCED SERVICES		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Research and development costs	4	-
Leases and royalties	63,802	63,592
Repairs and preservation	4,703	4,818
Independent professional services	14,259	16,588
Transport	217	252
Insurance premiums	4,374	4,355
Banking and similar services	3,311	3,589
Advertising, publicity and public relations	1,589	1,743
Supplies	3,060	3,235
Other services	31,406	32,194
TOTAL	126,725	130,366

19.5 The average number of employees in the 2020 and 2019 business years was as follows:

CATEGORY	No of employees		Men		Women	
	2020	2019	2020	2019	2020	2019
Directors and managers	101	93	94	87	7	6
Managers	795	765	633	617	162	148
Technicians	642	614	374	357	268	257
Administrative Clerks	732	711	190	188	542	523
Sundry trades	3,359	3,261	3,145	3,069	214	192
TOTAL	5,629	5,444	4,436	4,318	1,193	1,126

The number of people employed at the close of each business year was as follows:



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CATEGORY	No of employees		Men		Women	
	2020	2019	2020	2019	2020	2019
Directors and managers	104	99	97	92	7	7
Managers	806	774	640	623	166	151
Technicians	639	645	373	369	266	276
Administrative Clerks	738	706	191	183	547	523
Sundry trades	3,414	3,338	3,194	3,124	220	214
TOTAL	5,701	5,562	4,496	4,392	1,206	1,170

At 31 December 2020, the Company had 94 employees with a degree of disability equal to or exceeding 33% (87 employees at 31 December 2019).

19.6. Wages, salaries and related items. The breakdown at 31 December 2020 and 2019 was as follows:

WAGES AND SALARIES		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Wages, salaries and related items.	153,903	147,992
Severance payment	2,019	1,529
TOTAL	155,922	149,521

19.7. Labour costs. The breakdown at 31 December 2020 and 2019 was as follows:

LABOUR COSTS		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Social Security paid by the company	49,911	47,406
Miscellaneous welfare costs	2,471	1,932
TOTAL	52,382	49,338

19.8. Financial expenses. The breakdown at 31 December 2020 and 2019 was as follows:

FINANCIAL EXPENSES		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Interest on payables to Group companies and associates (Note 19.2)	338	453
Interest on payables to third parties (Note 15.1)	30,843	32,079
Update of provisions (see Note 14)	290	446
TOTAL	31,471	32,978

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19.9. Exchange differences. The breakdown at 31 December 2020 and 2019 was as follows:

EXCHANGE DIFFERENCES		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Exchange gains	10,323	2,008
Exchange losses	(12,948)	(1,552)
TOTAL	(2,625)	456

19.10. Impairment and gains/losses on disposals of financial instruments The breakdown at 31 December 2020 and 2019 was as follows:

IMPAIRMENT AND LOSSES		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Impairment on short-term participations in Group companies and associates (Note 7.1)	(13,085)	(5,789)
Other	(66)	(3,189)
TOTAL	(13,151)	(8,978)

19.11. Losses on, impairment of and changes in provisions for commercial transactions.

The epigraph entitled "Losses on, Impairment of and change in provisions for commercial transactions" in the attached income statement for the 2020 and 2019 business years basically includes the following concepts:

LOSSES ON, IMPAIRMENT OF AND CHANGES IN PROVISIONS FOR COMMERCIAL TRANSACTIONS.		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Assignment of provision for insolvencies (see note 10.4)	4,183	815
Reversal of Provision for Insolvencies (see note 10.4)	(2,082)	(3,879)
Losses on uncollectible loans (see note 10.4)	1,352	4,416
Other assignments of short-term provisions	929	431
TOTAL	4,382	1,783

19.12. Other current management expenses.

The epigraph entitled "Other current management expenses" in the attached income statement for the 2019 business year essentially included 2,237 thousand euros at 31 December 2020, originating from the assignment of long-term Provisions (See note 14) (2,870 thousand euros for this same item at 31 December 2019).

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NOTE 20. AUDITORS' FEES

The Company's auditor at the close of the 2020 business year was Deloitte, S.L.

The fees accrued in the business year for services provided by the accounts auditor were as follows:

(Amounts in thousands of euros)

	2020			2019		
	Main Auditor	Other auditors	Total	Main Auditor	Other auditors	Total
Audit Services	128	-	128	128	-	128
Other verification services	14	860	874	13	373	386
Total Audit and Related Services	142	860	1,002	141	373	514
Tax Advisory Services	-	-	-	-	57	57
Other services	-	43	43	-	252	252
Total professional services	-	43	43	-	309	309
TOTAL	142	903	1,045	141	682	823

(Amounts in thousands of euros)

	2019			2018		
	Main Auditor	Other auditors	Total	Main Auditor	Other auditors	Total
Audit Services	128	-	128	128	-	128
Other verification services	13	373	386	14	0	14
Total Audit and Related Services	141	373	514	142	-	142
Tax Advisory Services	-	57	57	-	-	-
Other services	-	252	252	-	-	-
Total professional services	-	309	309	-	-	-
TOTAL	141	682	823	142	-	142

NOTE 21. INFORMATION ON THE ENVIRONMENT

One of FCC Aqualia's priority objectives is the continued support of compliance with the United Nation's Sustainable Development Goals (SDG), concentrating on those that affect the water sector and our stakeholders:

- No. 3. Good Health and Well-Being.
- No. 6 Sustainable Clean Water and Sanitation.
- No. 7. Affordable and Clean Energy.
- No. 8. Promoting Sustained Economic Growth.
- No. 9 Building Resilient Infrastructures.



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- **No. 11. Achieving Sustainable Cities and Communities.**
- **No. 12. Guaranteeing Sustainable Production and Consumption.**
- **No. 13. Adopting Urgent Measures to Tackle Climate Change.**
- **No. 14. Sustainably Conserving Marine Resources.**
- **No. 15. Tackling Desertification and Protecting Biodiversity.**
- **No. 17. Partnerships to Achieve the Goals.**

The Company also has an ongoing strategy of creating shared value, responding to the expectations of its stakeholders and taking a deeper look at the tools that enable us to understand and measure social and environmental impacts, as a support for the creation of economic value and the company's increased competitiveness (calculation of the social and environmental footprints). To achieve this, in 2020 the following steps were taken:

- 1. Integration of the new ISO 45001 Standard, in the Aqualia Management System, reviewing and updating all the procedures and coordinating the internal and external audit processes (AENOR).**
- 2. Increased efficiency in the process of internal audits, through the editing of integrated reports, and external ones, with duly qualified auditors, which enable system audits to be conducted on the Quality, Environmental, and Energy Management Systems, calculation of the Carbon Footprint and Safety and Health at Work.**
- 3. Certification in Asset Management of an international contract, which allows more efficiency and accuracy in the operation of managed infrastructures.**
- 4. Increased scope of the Energy Management and Climate Change strategy.**
 - Follow-up on contracts with energy review.
 - Calculation and verification of the Carbon Footprint for all Aqualia activities in Spain and Portugal.
 - The registration of the Carbon Footprint in the OECC (Spanish Office for Climate Change) of the MITECO (Ministry for Ecological Transition) for all Aqualia's activities in Spain.
 - Review of the Carbon Footprint Reduction Plan for Aqualia's Activities.
 - Verification of the emissions avoided in the MITECO OECC CLIMATE Project, approved in 2018, for the use of alternative fuels corresponding to the company's activity and in motor vehicles.
 - Follow-up on the project for the implementation of the Energy Management System in all activities in Spain, in compliance with RD 56/2016.
- 5. Adaptation of the general procedures for the Management System to the FCC Group's Compliance model to respond to the designation of process owners and their corresponding controls.**



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6. Participation in AENOR meetings and forums and in AEC work groups.
7. Participation in the Spanish Chamber of Commerce **Circular Economy Commission** in which legislative initiatives are analysed and meetings are held with those responsible for policies.

As a complement to the above, the strategy maintained with the Company's stakeholders consists of incorporating the processing of Aqualia's stakeholders and the contextual analysis of the Company into the Management System, as a requirement for the new Regulations and as support to other Aqualia departments in their daily work (Clients, Compliance, Reporting, CSR, HR, etc.).

1.2. Energy Management

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

Not surprisingly, the calculation of the company's Carbon Footprint for its holdings in Spain, verified according to UNE-ISO 14064 Standard guidelines by AENOR, shows that the component with the greatest impact on Aqualia's Carbon Footprint is the consumption of electrical energy (Scope 2).

Greenhouse Gas Emissions In Spain (2019):

	t CO2	t CH4	t N2O	GHG 2019 (t CO2e)	%
Scope 1	7,615.4	2,173.3	24.2	74,876.9	37.5%
Scope 2	94,583.3	0.0	0.0	94,583.3	47.4%
Scope 3	13,346.2	0.0	63.3	30,111.1	15.1%
TOTAL	115,544.8	2,173.3	87.4	199,571.3	

In this regard, two projects were launched in 2020 with the aim of reducing GHGs.

A PPA (Power Purchase Agreement) was signed for 76 GWh/year of renewable energies (photovoltaic), which came into operation in July and will reduce emissions by around 15,200 t CO2e/year.

Furthermore, the project to install 3.2 MW of peak capacity photovoltaic panels, which will supply 26 consumption points, with an expected annual production of 5 GWh/year, which will result in a reduction of GHG emissions of around 1,000 t CO2e/year.

Improvements to reduce energy consumption

Since 2016, and every four years, the company has undergone energy audits (in accordance with ISO 50001-Energy Management Systems) in a collection of production Installations that consume more than 85% of the company's total energy consumption. As a follow-up to the Improvement opportunities detected in the audits,



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the functional design of a computer tool was developed, which is promoted under this standard. This tool will be integrated into Aqualia's reporting/technical analysis tool (AqualiaRT/AqualiaBI) enabling follow-up of the actions and the results obtained in them.

In 2020, the office building in Las Tablas, where Aqualia has its headquarters, has been certified in terms of energy management. In this way, consumption in this building is expected to be optimised, that, as is the case with the rest of the offices, have a much lower impact on the company's carbon footprint than the production installations, but which are Aqualia's showcase for its end-clients, so here is where we can demonstrate our environmental commitment.

1.3. Projects for Improved Technical Management

During 2020, as in previous years, we continued with the implementation and development of the activities relating to the improvement of management, both at an operational level and regarding the deployment of new platforms to standardise best practices at a technical level within the company. The most prominent cases were:

Energy Management

- Initial operation of the centralised monitoring and control platform for proposals and improvement objectives of the different contracts, relating to energy efficiency, under the ISO 50001-Energy Management Systems standard.
- Change of energy invoicing control platform, from Bempower to Synergica, which is much more powerful and has enabled more immediate and comprehensive control of the energy costs invoiced by the retailer.
- Initial operation of the SILICE platform for the collection of data on gas production and its destination in the WWTPs managed, in order to be able to declare the data for the settlement of the Hydrocarbon Tax in a centralised manner on the Spanish Tax Authority's platform.

Asset Management

Deployment has begun for a new Asset and Maintenance Management by Computer tool which will enable the standardisation of maintenance activities, depending on the size and purpose of the service provided. This is in addition to an improved centralised control of the inventory of assets managed, which will facilitate not only awareness of the status and updated value of the inventory, but also developing and planning "Smart" proposals for the renewal and/or extension of the infrastructure operated by the company.

Technical Reporting

In 2020, centralised monthly technical reporting was achieved, covering 90% of the perimeter operated by the company.

As a result, centralised monthly technical data is now available for all contracts operated in Europe, Africa and the Middle East.



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The aim for the coming business year is to extend the scope to 100% of operations worldwide.

The platform used is Aqualia RT/BI, which, translated into Spanish, English, French, Italian, Czech and Arabic and with the capacity to adapt to any type of technical operation managed by the company, is a very valuable repository for technical data to support the company's technical and economic operations.

Technology Transfer

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

The main aim of the area is to create products, activities or processes that are commercially exploitable (internal or external market), derived from the results of the different projects of the Department of Innovation, as well as to propose new lines of technological innovation according to the internal needs that are identified or detected from the Production line.

Approved Laboratories

With regard to FCC Aqualia's network of accredited laboratories, a number of noteworthy events took place in 2020 which clearly strengthened the company's activity.

At the beginning of the year, the Badajoz laboratory was accredited by ENAC (National Accreditation Entity), which means that there are now 6 accredited laboratories for water analysis in Spain (Badajoz, Oviedo, Lérida, Ávila, Jerez and Adeje).

In addition, the other five laboratories passed the ENAC audit, renewing their accreditation and achieving an unprecedented increase in the number of parameters in the activity of these laboratories, with an additional 405 parameters in different matrices: drinking and packaged water, inland, swimming pool and sea water.

Lastly, in December, the Laboratorio di Acque Potabili di San Giuliano, in Italy, obtained accreditation from the Italian national agency (ACREDIA).

Accreditation of the Aguas de Consumo de Vigo laboratory is also underway, with accreditation expected in 2021.

This will give the company a network of 10 accredited laboratories in Spain, Italy and the Czech Republic.

Also noteworthy is the activity developed by the company in the monitoring of COVID-19, the company's expert staff, in collaboration with the CSIC (Spanish National Research Council), under which, through the signing of an agreement, the wastewater of different municipalities of Castilla León, Galicia and Castilla la Mancha is being analysed.

The agreement also includes the training of company staff and inter-comparison exercises for the fine-tuning of a PCR technique that will complete the Oviedo laboratory's offer.



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NOTE 22. TRANSACTIONS WITH COMPANY ADMINISTRATORS AND THE SENIOR MANAGEMENT TEAM

Board of Directors.

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

Also, no advances or loans or any other type of guarantee had been granted to the members of the Board of Directors, nor did the Company have any pension or life insurance commitments with respect to such members.

As for Board members that occupy posts in companies in which FCC Aqualla, S.A. has shares, the former do not participate directly or indirectly in other FCC Aqualla Group companies, but they may hold positions, undertake duties and/or have shareholdings of less than 0.01% in other FCC Group and IFM Group companies.

In the 2020 business year, no significant transactions were performed entailing a transfer of assets or liabilities between Group companies and their executives and directors.

Management Team:

The remuneration accrued by members of the Management Team in the form of salaries in the 2020 business year amounted to 4,181 thousand euros (3,979 thousand euros in 2019). This Management Team consisted of 19 people in 2020 and 17 people in 2019.

NOTE 23. FINANCIAL RISK MANAGEMENT POLICY

The concept of financial risk refers to variations in the financial instruments contracted by the Company as a result of policy, market and other factors and their repercussion on the financial statements.

FCC Aqualla's risk management philosophy, in accordance with that of the FCC Group, is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all times. For this purpose, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Company's operations, and the risk policy has been appropriately integrated into Group organisation.

Exchange rate risk

This arises as a result of the different exchange rates used in investments and transactions with subsidiaries, associates and joint ventures, as well as with third parties, whose activities are conducted in a currency other than that of the company that prepares the financial statements.

The Company's Administrators consider that the impact of such risk will be insignificant.



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Credit risk.

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy third parties and of obtaining sufficient guarantees as a means of mitigating the risk of financial losses from non-fulfilment.

Its main clients are Public Bodies or clients who are the end-consumers in activities relating to the comprehensive water cycle, so there is no significant exposure to credit risk. Credit risk is also not significantly concentrated.

Solvency risk

At 31 December 2020, FCC Aqualia's net financial debt amounted to 47,486 thousand euros (170,574 thousand euros in 2019), as shown in the following table:

	(Amounts in thousands of euros)	
	2020	2019
Debt Instruments and other marketable values (Note 15.1)	1,361,730	1,360,533
Current borrowings with Group companies (excluding tax effect) (note 15.2)	53,876	118,954
Borrowings with third parties (note 15)	8,932	5,754
Loans to companies (excluding loans to Group companies due to tax effect) (note 8)	(970,565)	(997,876)
Other current financial assets (Note 8.3)	(18,447)	(16,962)
Short-term loans to third parties (note 9.2)	(14,675)	(17,229)
Treasury and cash equivalents	(373,365)	(282,600)
Net interest-bearing debt	47,486	170,574

Liquidity risk

This risk is caused by temporary mismatches between the resources created by the activity and the need for funds to meet the payment of debts, working capital, etc.

At 31 December 2020, the Company had a working capital of 169,049 thousand euros (working capital of 63,478 thousand euros at 31 December 2019).

Covid-19 risk

The Covid-19 pandemic has had some impact on the accompanying financial statements both in operational and liquidity terms, originating mainly from exploitations located in the Canary Islands, the Balearic Islands and some services on the mainland coast where tourist activity has been affected. In some cases this has led to updating the main estimates affecting the financial statements.



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In terms of operational management, the Covid-19 crisis has had a limited impact on the Company, except for the management of sports installations that were closed during certain phases of the pandemic, since the Company's activity was considered by the different national authorities to be essential without significant interruptions to activity or loss of profitability in most of the assets.

In this regard, as shown in the attached income statement, the Company has maintained a positive "Operating income" of 139,668 thousand euros, which represents 18% of the net turnover. "Cash flows from operational activities" amounted to 196,233 thousand euros as can be seen in the attached statement of cash flows.

In terms of liquidity, the Company maintained current accounts managed in a cash pooling scheme with the companies it controls, ensuring a comfortable financial position against possible liquidity stress.

As a result of the situation created by the Covid-19 crisis, the Company proceeded to conduct an analysis with regard to the main estimates that affect the accompanying financial statements:

- **Fixed and non-current assets.** The recoverable value of the main items of fixed and non-current assets that could show signs of impairment was reviewed (note 5 and 6).
- **Financial Instruments:** The recoverable value of the main financial instruments was reviewed (note 7 and 8).
- **Furthermore, with regard to trade sales ledgers, no significant non-payment problems were identified.** There are no sales ledgers for materials of doubtful recoverability that are not impaired. The average periods for receiving payment are in line with previous years, although during this business year there have been some occasional delays in the months when there were restrictions on mobility, affecting those clients whose payments are not by direct debit. Once these restrictions were lifted, payments returned to levels similar to previous business years.
- **Deferred tax assets:** The assumptions (both in operational and tax terms) regarding the recoverability of these assets, contemplated in December 2019, have been updated, with the result that under the same criteria used on that date, the impact of Covid-19 does not involve a reversal of the assets for deferred tax or a significant modification of retrieval periods.
- **Provisions:** The level of provisions (note 14) is considered suitable to cover all risks considered probable.

Due to all of the above and taking into account the limited impact, the measures taken to guarantee the assets and the existing liquidity gaps, the Company prepared the financial statements under principle of a company as a going concern, since the continuity of the company is not in doubt.



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NOTE 24. OTHER INFORMATION

24.1. Events after closure

No events have taken place since the close of the business year that could significantly affect the content of these financial statements.

24.2. Information on deferred payments to suppliers. Third additional provision "Disclosure requirement" set out in Law 15/2010 of 5 July.

With regard to the Spanish Accounting and Audit Institute (ICAC) Resolution dated 29 January 2016, enacted in compliance with the Second Final Provision for Law 31/2014, of 3 December, which amends the Third Supplementary Provision for Law 15/2010, of 5 July, stipulating measures to combat late payment in commercial transactions, it should be pointed out with respect to the 2017 business year, that the Company operates in Spanish territory with public clients such as the State, Autonomous Regions, local corporations and other public bodies, which settle their payment obligations in periods that exceed that laid down in Public Sector Contract legislation, and in Law 3/2004, of 29 December 2004, establishing measures to combat late payment in commercial transactions.

It must be indicated that, in the contracts with and supplies to third parties arising from the agreements entered into by the Company with the different Public Administrations, that stipulated in section 5 of article 228 of the current Consolidated Public Sector Contracts Law (TRLCSP) applies, which enables the contractor to agree with providers' periods exceeding those set forth in this law under certain conditions.

Due to these circumstances and in order to adapt the Company's financial policy to reasonable efficiency levels, the usual payment periods to suppliers were maintained in the 2019 business year in the sectors in which the Company operates.

The Company's payment policy to suppliers, indicated in the foregoing two paragraphs, hence finds support in: a) Payments to suppliers under agreements entered into by the Company with the Public Administrations, pursuant to article 228.5 of the TRLCSP, and b) Payments to remaining suppliers under the Second transitional provision of Law 15/2010, and, where appropriate, that provided for in article 9 of Law 3/2004, which excludes from the abusive nature the "deferral of the payment for objective reasons" taking into consideration, in both cases a) and b) the usual payment period in the sectors in which the Company operates.

The Company also acknowledges and pays suppliers, always by mutual agreement, any delay payment surcharges agreed in the contracts, providing negotiable payment methods accompanied by exchange procedures. Such pacts, aside from being expressly envisaged, as we have indicated, in the TRLCSP, are admissible under Directive 2011/7/EU, of 16 February, of the European Parliament and the Council.

The Company also entered into contracts similar to "confirming" lines with financial entities to facilitate early payment to suppliers. In accordance with these contracts, suppliers may exercise their collection rights against the Company and obtain the invoiced amount, less the financial costs for discount and fees applied by those entities. The total amount for the contracted lines was 1,500 thousand euros at 31 December 2020 (1.000



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thousand euros at 31 December 2019), with no balance drawn at 31 December 2020 (121 thousand euros at 31 December 2019). The above-mentioned contracts do not modify the main payment conditions (interest rate, deadline or amount), so they are classified as commercial liabilities.

In compliance with the above-mentioned Resolution, the following is a table with information on the average payment period to suppliers.

Average payment period to suppliers (thousands of euros)		
	2020	2019
	Days	Days
Average period of payment to suppliers	61	67
Ratio of paid operations	60	64
Ratio of operations with payment outstanding	67	85
	Amount	Amount
Total payments made	324,697	392,049
Total payments outstanding	64,382	97,838

NOTE 25. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

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 principles and rules.



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2020 MANAGEMENT REPORT

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1. BUSINESS MODEL AND STRATEGY.

Aqualia provides technical solutions and quality services in all phases of the end-to end water cycle with the aim of improving the well-being of the people and communities in which it operates, preserving water resources and the environment, and improving efficiency in management, taking as reference the United Nations Sustainable Development Goals according to the existing legal frameworks in each region.

The rapid urbanisation process in emerging countries, as well as the need to improve the living conditions of the population and optimise a scarce resource, in a process of climate change such as that in which we find ourselves, lead governments, communities and industrial corporations to search for specialised operators that help them provide effective solutions to the problems of water supply, sanitation and purification.

Aqualia is one of the main international operators that focuses its management on business models and specific geographical areas and acts guided by a growth objective that maintains the profitability criteria and integrates all the capabilities of the value chain into 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 comprehensive water services in the municipalities, through long-term concessional models or the ownership of assets, in countries with proven regulatory systems.

Aqualia operates municipal water concessions in Spain, the activity of which represents more than 78% of the total, in the Czech Republic, Portugal, Italy, France and Colombia, where it has incorporated 12 concession contracts in the Córdoba Department and the management of the municipality of Villa del Rosario into its management scope in 2020. One of the main aims is to consolidate growth in these markets and extend activity to other European countries with similar models and to those Latin American countries with regulatory systems similar to those in Europe, as is the case of Colombia, Mexico and Peru.

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 including treatment plants (drinking water, purification, desalination) through BOT-type contracts and "take or pay" mechanisms.



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These formulas that make it possible to combine technical know-how with the ability to structure complex financing are increasingly used by Public Operators and Agencies and Industrial Corporations in emerging countries.

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

These two business models, with significant investments, high added value and a long duration, constitute Aqualia's essential line of development on which it bases its growth.

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

As a general rule, in these activities, Aqualia competes in projects where the basic competitive aspect lies either in technical capacity or in the quality of the services and not exclusively in the price. They may be projects with an important dimension, they may have a strategic interest or there may be potential synergies for the territory, technology or the client where the contract is developed.

In EPC contracts Aqualia takes advantage of the synergies provided by its experience in partnerships with the FCC Group's construction company, or other first-line construction companies, to create alliances in the construction of large infrastructures, which allows a reduction and/or transfer of construction risk.

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

In Europe, especially in the activity of municipal concessions, by maintaining high rates of renewal of their contracts and by taking advantage of opportunities that may appear both in organic growth and in acquisitions that contribute value.

In LATAM, by consolidating long-term contracts for both municipal concessions and infrastructure concessions as well as emblematic Design and Construction projects.

IN MENA developing a consolidated position in infrastructure concession and O&M contracts with high added value.



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2. MARKET SITUATION

2.1. Domestic Market

The year 2020 began in Spain with the formation of the PSOE and UP coalition government and in March with the official declaration of the global pandemic caused by COVID-19, which led to the decreeing of lockdown for citizens and the suspension of all on-site work activities for three months, except for essential services, and with the subsequent occurrence of varying incidence cycles, which still extends into the year 2021.

At the end of February, Aqualia implemented the first measures to adapt to the situation, with the dual aim of maintaining the activity, without affecting the essential public service we provide and guaranteeing the health monitoring of its workers at all times. This led to the implementation of successive Contingency Plans, adapted to the situation at any given time.

At no production centre in Spain has there been any outbreak of infection, and activity has been maintained at all times in DWTPs, WWTPs, supply and sanitation networks, laboratories, etc., which has led us receiving a letter of thanks for our commitment from the Minister for Ecological Transition.

It was necessary to adopt technological solutions for the implementation of teleworking, to reinforce stock control of essential products, to establish special measures for action in sports centres, to reinforce non-face-to-face customer service channels when having to close physical customer service offices and to carry out specific communication campaigns with customers and municipalities, in addition to all the necessary hygiene and health measures.

In terms of **tariff billing**, the first quarter of the year began with a +0.7% increase in the volume of water billed, compared to the same period in 2019. However, with the start of a residential lockdown due to COVID in mid-March, volumes billed declined in all regions, falling by -4.2% in the second quarter overall. From the third quarter onwards, and with the gradual return of economic activity, volumes began to recover in all regions, except in the Canary Islands, Balearic Islands, the Costa Brava and coastal areas of Malaga and Cádiz. In particular, in the Balearic Islands, the fall in volume billed for the business year was -14.9% and in the Canary Islands -8.8%.

At the close of the 2020 business year, at a constant scope (not including new and terminated contracts), the volume invoiced to customers decreased by 1.2% and the amount invoiced by 1.7%. Volumes billed for new additions decreased by -7.9%. Overall, the volume billed (excluding local fees) has decreased by -2.4% and the amount billed by -1.4%, compared to 2019.



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In terms of commercial activity despite the difficulties caused by the pandemic, which has significantly reduced new tenders, it can be described as a successful business year, with a number of notable milestones:

- **The 5-year extension of the concession contract for the city of Vigo, Aqualia's largest contract. It involves contracting of €259m and a service improvement investment plan of €40.2m will be developed. This success strengthens Aqualia's leading position in the Spanish market.**
- **The acquisition of SWDP assets, irrigation ponds and the Rambla Morales distribution network in Almeria. This infrastructure, after the investment work for upgrading and initial operation to be carried out in 2021, will allow us to distribute desalinated water to the cities of Almeria and Nijar and to the irrigation communities in the area. At full capacity, it will allow us to distribute 20Hm³/year of water in a territory with high water stress, contributing turnover of 15.9 M€/year.**
- **In the Design and Construction activity, Aqualia was awarded the contract for the design, construction and operation of the industrial effluent treatment plant at the Tarragona petrochemical estate, with contracting valued at €35.6 million.**

In addition, municipal concession contracts have been extended and renewed upon expiry, in this case with a very high loyalty rate of close to 100%, representing a backlog of more than €338m.

Regarding operational aspects, the contracts of the company acquired in 2019, Agua y Gestión C.I., S.A., have been fully integrated into Aqualia's territorial and legal structure, and the contracts of San José del Valle (Cádiz) and Huescar (Granada) have even been extended, fulfilling the expectations of profitability that were evaluated in their acquisition.

In the Institutional and legislative area, The Ministry for Ecological Transition has focused its efforts on the preparation of the Green Paper on Water and the approval of the National Plans for Adaptation to Climate Change and Energy and Climate, both for the period 2020-2030, and on the submission of the National Water Treatment and Reuse Plan for public disclosure. Throughout 2020, the Urban Water Cycle Committee was convened, with the presence of the Ministry, Business Associations, Trade Unions and Users, as the basis of the future Spanish Urban Water Observatory. Also noteworthy is the suspension approved by Parliament of the application of the Budget Stability Law during 2021 and 2022, which will allow local municipalities with cash surpluses to allocate the surpluses to the execution of investments, which we hope will speed up those in the field of hydraulics.

During the state of alarm period, with different regulations, water disconnection due to non-payment has been prohibited for vulnerable customers, but in practice this has not significantly affected Aqualia's collection capacity.

In October, the Government presented the **National Plan for Recovery, Transformation and Resilience**, with European funds, valued for the period 2021-2023 at 72 billion euros. By 2021, the General State Budgets and those of the Autonomous Communities will include items worth 34.4 billion euros. Through a Royal Decree Law, a new form of public-private partnership has been approved for the implementation of the Plan. Aqualia and the Employers' Associations (AGA and SEOPAN) are working on the presentation of cross-sectional proposals (digitalisation and energy efficiency) at a local and regional level, which should be finalised in the first half of 2021.

During the business year, work was undertaken to strengthen the **Association of Water Management Companies in Spain (AGA)** and the management of the AEAS, which group together public and private companies operating in the sector. The aim includes informing society about the high social commitment of the business agencies, the existence of very significant technological transfer worldwide, and the affordability of tariffs in Spain for family economies, still low compared with those of other OECD countries especially during the pandemic.

In 2020, an amendment to the current **Sector Agreement (2018-2022)**, was signed with the Trade Unions, to set the wage increase in 2021 at 1.5%, halving that initially foreseen in the Agreement, given the extraordinary situation we are going through.

In the company's ongoing policy of seeking **efficiency in operational management** the effort made in 2020 to reduce costs is worth mentioning, especially in the reduction of variable costs (energy and water purchase), In order to reduce the drop in margins linked to the fall in consumption due to the pandemic, especially in coastal areas. It has enabled us to maintain EBITDA ratios in relation to turnover, in percentages similar to those from 2019. Likewise, in the sports facilities sector, we have resorted to the use of temporary redundancies for workers, which has allowed us to continue with this activity.

During the year, a closer look was taken at cost reductions linked to customer management, with policies to prosecute fraud in the measurement of consumption, direct debit and control of bank commissions, reduction of face-to-face customer service and transfer to other channels (telephone, social networks, and internet).

In the field of digitalisation, the Denia and Toledo technology centres have been put into operation, where the comprehensive digital management tool for water services **Aqualia Water Analytics (AWA)**, is being developed, which allows us to manage incidents, issue work orders, manage assets, meters, etc. in an integrated way, and the proportion of e-bills has increased substantially compared to paper bills, initiatives that also have a significant environmental impact.

Aqualia has carried out actions in Spain as a socially committed company, with the renewal of agreements with UNHCR, Caritas, and for the environment with numerous initiatives aimed at reducing greenhouse gas emissions, opting for green energies.

Aqualia is a founding partner of the **Step by Water** Initiative, to develop the United Nations SDG 11, regarding Partnerships. FEMP, MITECO, Coca Cola, Unilever and other large companies, the public sector and NGOs participate in this project.

2.2. International Market

In the international arena, Aqualia concentrated its activity during the 2020 business year on Europe, North Africa and the Middle East (MENA) and Latin America (LATAM).

2.2.1. Europe

The year 2020 also presented an operational challenge for Aqualia throughout Europe due to the impact of COVID-19 on the management of the end-to-end water cycle. Despite the impact on non-residential consumption, which was more marked in the Czech Republic, the business remained at very high levels in terms of activity, quality and continuity of service. In addition to the management of the municipal concession services in the Czech Republic, Italy and Portugal, works were carried out to integrate the new business in France and adapt it to Aqualia's standards, in order to improve the service for the more than 140,000 citizens who benefit from our water supply and sewerage network management. In addition to the various services provided by the acquired company in 2019, new contracts were added for the management, operation and renewal of water and sewerage networks in the area where Aqualia operates in France, the Île-de-France region. In addition, development activity began in other areas of the country, with proposals in the French West and Centre-South areas set to move forward in 2021.

In the **Czech Republic**, in 2020 the political and social debate on public action in guaranteeing water supply, that began in previous years in the wake of frequent droughts and floods continued. This is promoted politically by advocates of public water management opposed to the creation of economic incentives for operators. In the meantime, the Ministry of Finance is working on, for the period 2022 to 2026, a review of the tariff framework, which is being evaluated in different areas of the public sector. The review focuses on the maximum tariff growth and the adjusted calculation, using the replacement value, of investment needs, regulatory capital and the associated regulatory benefit. Both Aqualia, through its subsidiary company SmVak, and the association of water operators, are doing everything in their power to follow and support the debates, by actively communicating and defending, through the established channels, a balanced outcome for the regulatory modification. Furthermore, in a busier year than usual, SmVak has bid for several end-to-end water cycle tenders, adding new municipalities in the eastern part of the country to Aqualia's backlog of contracts.

In **Italy**, after a cautious opening to the concession market in 2019 and early 2020 (Rimini, Piacenza and Reggio Emilia tenders), the debate on public involvement in the Italian regulator and tariff structure was reignited. The situation has stabilised following the replacement of managers of the Italian regulatory agency and the removal of incentives for the most efficient regulators in the purchase of water, such as Aqualia.

In **Portugal**, although no new municipal concessions have been tendered, several corporate moves by financial investors have taken place due to the imminent local elections. The high risk profile of the buyers demonstrates a strong interest in the concessional framework and confidence in the future growth potential of the country's water market.

The pace of execution of the expansion works of the Glina wastewater treatment plant, in **Romania**, was affected by the limitations imposed by the authorities to tackle COVID-19. Despite this, it has been possible to make progress with the civil engineering works and the contracting of equipment to minimise the impact on the works plan.

In the **Balkans**, for causes attributable to the clients, the contracts for the Berane and Pljevlja projects, which were completed and operational, were terminated. At the same time, the established dispute resolution and settlement mechanisms were initiated for both plants. The Prziren project is in the testing period and awaiting provisional acceptance to start assisted operation.

2.2.2. MENA

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

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

In **Egypt**, Aqualia completed the year of guaranteed operation of the El Alamein desalination plant, with 150,000 m³/day of capacity, and obtained an extension of this contract until 2022.

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

As for the implementation of the Abu Rawash wastewater treatment plant project, despite the impact of the pandemic, work has continued at good pace on the plant, which is expected to enter into the initial operation phase in 2021.

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

The execution of diversion and adjustment works in the supply and sanitation affected services on the Riyadh Metro have also continued, where Aqualia is continuing work on the diversion of services and provisional and definitive connections on Lines 5 and 6.

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

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

In the United Arab Emirates, our subsidiary company Aqualia MACE has continued to provide a full service of operation and maintenance of the networks of collectors, pumping stations and wastewater treatment plants in the region of Al Ain and Abu Dhabi capital without any incidents and at full capacity during all the months of the pandemic.

Oman. During 2020, Aqualia continued to operate without incidents, despite the pandemic, the management of the end-to-end cycle of the Sohar port area through the subsidiary company Oman Sustainable Services Company. As a significant milestone, the asset management system was certified by AENOR this year. This is a certification that very few water management companies in the world have.

In Qatar, work has begun on the initial operation phase of the Al Dhakhira wastewater treatment plant in the north of the country, built by Hyundai, with a capacity of 55,000 m³/d and that will be operated by Aqualia MACE once it fully enters into service in 2021.

A joint venture led by Aqualia and with the participation of reputable local partners has also been set up to develop projects to improve the sewerage, water treatment and reuse network, which will provide services to the Qatari Ministry of Public Works and Sanitation.

2.2.3. USA

During 2020 Aqualia has reinforced its commercial activity in the **United States**, continuing to actively search for new projects and business opportunities.

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

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

The new legislation on the control and elimination of processing contaminants for the protection of aquifers and surface water is a business opportunity to be explored in the coming years.

2.2.4. LATAM

The shortfall in water infrastructures and the search for efficiency in the existing ones are factors that foster Aqualia's growth possibilities.

In 2020, Aqualia has consolidated its presence in **Mexico**, becoming a leading company in the sector with a highly diversified asset portfolio.

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

The Guaymas desalination plant, awarded in 2018 by the Sonora State Water Commission, and the execution of which has been slightly delayed by the pandemic, is almost completed and will come into operation during 2021.

In June, Aqualia acquired 100% of the shares of the company Ecosistema Morelos (EMSA), the purpose of which is the concession of the Cuernavaca WWTP. With this transaction, Aqualia completes the cycle of its activities in the country by adding wastewater treatment in Cuernavaca, desalination in Guaymas and drinking water supply in Querétaro and San Luis de Potosí.

Last June, Aqualia took control of the concession company AQUOS (Realito) by acquiring an additional holding, bringing its total shareholding to 51%, a concession in which Aqualia had previously held a minority shareholding.

In Colombia, the construction of the El Salitre WWTP (Wastewater Treatment Plant) in Bogota has continued, with minimal impact of the pandemic on the implementation due to the strict protocols in place. This set of measures has placed Aqualia at the forefront in terms of sanitary safety in hydraulic infrastructure works, achieving recognition from public bodies and multilateral banks

In March, the acquisition of 12 municipal concessions in the Córdoba Department was completed, which together with the concession awarded in Villa del Rosario in the Santander Department, which started in May, have consolidated Aqualia's presence in the country as a comprehensive management operator.

Aqualia continues to pursue business opportunities for the management of comprehensive services in major municipalities in the country under concession models. It also pursues new opportunities for the design, construction and financing of hydraulic infrastructures for the treatment of wastewater, as well as the search for new sources of drinking water supply in areas with water stress.

In Peru, the State is in the process of evaluating the efficiency of its public supply services in order to give way to private initiatives in those areas with the worst management indicators. In 2017, five private initiatives were presented for wastewater treatment which were declared significant in 2018 and are currently in the formulation phase. In 2020, it also presented a private initiative for desalination in the municipality of Ilo, which was declared significant and has begun to be developed. Aqualia is currently studying different projects both as a provider for Public Companies for services of financing, design, construction and operation of large hydraulic infrastructures.

Aqualia withdrew from the assistance and advisory contract for the operational and commercial management of IDAAN (Panamá) due to the long period of time elapsed from the award to the approval of the comptroller's office. In the same country, the contract for the engineering, construction and 10-year operation of the Arraján WWTP was also terminated early due to non-payment by the client.

3. CONTRACTING

3.1. Domestic Market

In the 2020 business year, partly due to the pandemic, there was very little activity in tendering processes for new municipal concessions, with activity in the field of operation and maintenance services for facilities ongoing.

From the point of view of contracting, the following deserve special mention:

- Tarragona; Design, construction and operation of the joint effluent treatment facilities of the industries of the chemical and petrochemical industrial estates of Tarragona for Aguas

Industriales de Tarragona, SA, for a period of 6.5 years and a backlog value of 35.6 million euros.

- **Picadas-Almoguera (Toledo) and El Girasol and Almoguera-Algodor-Sagra Este (Cuenca) Community of Municipalities; Operation, conservation and maintenance services for the supply systems Picadas-Almoguera (Toledo) and El Girasol and Almoguera-Algodor-Sagra Este (Cuenca) Community of Municipalities, for Aguas de Castilla La Mancha, for a period of 2 years and an amount of 17.1 million euros.**
- **Melilla; Works and services for the extension of the Melilla seawater desalination plant and its operation during the execution of the works and initial operation, for the Guadalquivir River Basin Federation for a period of 2.25 years and an amount of 16.1 million euros.**
- **Los Yébenes (Toledo); Water supply service for a period of 17 years and an amount of 7.8 million euros.**
- **Zaragoza; Services and minor conservation and repair works for the cleaning and maintenance of the sewerage network, urban drainage and network of underground ditches in the city of Zaragoza for a period of 2 years and an amount of 7 million euros.**
- **Cuarte de Huerva (Zaragoza); Operation, maintenance and conservation service of the sewerage and wastewater treatment system of the river Huerva for the Aragonese Water Institute for a period of 3 years and an amount of 1.8 million euros.**
- **Navarre; Execution of small works, repairs and maintenance of the civil engineering works of the network of sewage pipes and wastewater treatment plants for NILSA for a period of 2 years and an amount of 1.6 million euros.**
- **Almorox (Toledo); Operation and maintenance of the Almorox wastewater treatment plant for a period of 10 years and an amount of 1.1 million euros.**
- **Santa Eulària des Riu (Balearic Islands); Works on a regulating reservoir and accessory infrastructures for its correct operation and integration into the municipal water network for human consumption in Jesús, Santa Eulària des Riu, for a duration of six months and one million euro.**

In addition to the contracts obtained through public tenders, the following has also been included in the scope:

The "Mar de Alborán" seawater desalination plant (Almería). Aqualia acquired, at the beginning of the year, the Mar de Alborán desalination plant and its accessory facilities of basins and water distribution networks for irrigation, which will meet the demand of various irrigation communities in the Almería and Níjar area. This is a sustainable management model in which the desalination plant will be powered by solar energy from a photovoltaic plant.

With regard to renewals and extensions of contracts already managed by Aqualia at national level, the following are worth mentioning:

- **Vigo (Pontevedra); Comprehensive management of the city's water supply, sewerage and water treatment service for a period of 5 years with contracting valued at 259.6 million euros.**
- **Mula (Murcia); Management of the water supply service for a period of 5 years with contracting valued at 10.2 million euros.**
- **Eivissa (Balearic Islands); Management of the water supply and sewerage service for a period of 1 year and contracting valued at 8.9 million euros.**
- **San José del Valle (Cádiz); Management of the municipal supply and sanitation service for a period of 15 years with contracting valued at 5.8 million euros.**
- **Yecla (Murcia); Management of the water supply service for a period of 4 years and contracting valued at 4.9 million euros.**
- **Redondela (Pontevedra); Comprehensive management of the water supply, sanitation and purification service for a period of 2 years with contracting valued at 4 million euros.**
- **Ajofrín (Toledo); Comprehensive management of the drinking water, sewerage and wastewater treatment service for a period of 17 years with contracting valued at 3.7 million euros.**
- **Puerto de Santa María (Cádiz); Maintenance, conservation and operation service for the WWTP and sewerage for a period of 1 year with contracting valued at 3.5 million euros.**
- **Consorcio de Louro (Pontevedra); Management of the urban water cycle for a period of 1 year with contracting valued at 3.1 million euros.**
- **Alcoi (Alicante); Management of the water supply service for a period of 1 year with contracting valued at 2.8 million euros.**

- **Llucmajor (Balearic Islands); Management of the water supply and sewerage service for a period of 0.5 years and contracting valued at 2.8 million euros.**
- **Zaragoza; Operational supply activity services for ACUAES in the province of Zaragoza: Zaragoza and the Ebro and Bajo Ebro Aragón corridor, for a period of 2 years and contracting valued at 2.8 million euros.**
- **Costa Brava (Gerona); Management of the wastewater treatment service through a joint venture for a period of 0.7 years with contracting valued at 2.8 million euros.**
- **Rota (Cádiz); Management of the municipal water supply service for a period of 0.7 years with contracting valued at 2.5 million euros.**
- **Güímar (Santa Cruz de Tenerife); Management of the water supply and sanitation service for 1 year and contracting valued at 2.4 million euros.**
- **Peñafiel (Valladolid); Management of the drinking water supply service, sewerage and maintenance of the wastewater treatment plant for a period of 5 years with contracting valued at 2.4 million euros.**
- **Muro (Balearic Islands); Public services for the domestic supply and distribution of drinking water for a period of 5 years contracting valued at 2.3 million euros.**
- **Huéscar (Granada); Management of the wastewater treatment plant for a period of 10 years with contracting valued at 2.3 million euros.**
- **Yepes (Toledo); Incorporation of a new osmosis tank and plant to the municipal water supply and sewerage service of the municipality for a period of 11 years with contracting valued at 2 million euros.**
- **Villena (Alicante); Management and operation of the public drinking water supply and sewerage service for a period of 1 year with contracting valued at 1.8 million euros.**
- **Castell-Platja d’Aro (Girona); Management of the water supply service for a period of half a year and contracting valued at 1.7 million euros.**
- **Madrid; Services regarding urgent renewal and repair actions in the supply network and in the regenerated water network for the Canal de Isabel II (Lot 9 Culebro Network), for a period of half a year and contracting valued at 1.6 million euros.**

- **Illescas (Toledo);** Management of the water supply and sewerage service for 1 year and contracting valued at 1,5 million euros.
- **Alba de Tormes (Salamanca);** Management of the water supply service for a period of 5 years with contracting valued at 1.3 million euros.
- **Oleiros (La Coruña);** Management of the municipal indoor swimming pools for the Municipality for a period of 1 year and contracting valued at 1.3 million euros.
- **Gula de Isora (Santa Cruz de Tenerife);** Service of operation, maintenance and conservation functions for the infrastructures and facilities of the west seawater desalination system (Fonsalía) for a period of 2 years with contracting valued at 1.3 million euros.
- **Sonseca (Toledo);** Management of the water supply service for a period of 2 years with contracting valued at 1.3 million euros.
- **Baix Ebre (Tarragona);** Public service sanitation systems management for the Baix Ebre region for half a year and contracting valued at 1.2 million euros.
- **Alcalá de Henares (Madrid);** Meco pumping and tanks for a period of 2 years with contracting valued at 1.1 million euros.
- **Comarca de Talavera (Toledo);** Maintenance, conservation, operation and management of the supply to four municipalities in the province of Toledo (Comarca de Talavera, also known as Sierra de San Vicente: Sartajada, La Iglesuela, Montesciaros y Buenaventura) for a period of 7 years with contracting valued at 1.1 million euros.
- **Burgo de Osma (Soria);** Management of the municipal water supply and sanitation service for a period of 2 years with contracting valued at 1 million euro.

3.2. International Market

In the international market, Aqualia has maintained significant activity, both in bids in different areas and in the acquisition of companies, with the following contracts deserving special mention:

- **Colombia;** Aqualia acquired three concessions for the end-to-end water cycle in 12 municipalities in the Córdoba department, Caribbean region, North of Colombia. The concession contracts have been acquired from three companies of the same business group: Aguas del Sinú, which manages the service in seven towns and cities (Santa Cruz de Lorica, Chima, Momil, Purísima, Tuchín, San Antero and San Andrés de Sotavento); Uniaguas, which



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operates the services in five other locations (Cereté, Ciénaga de Oro, Sahagún and San Carlos); and OPSA, which until now provided its services in Planeta Rica. This represents contracting valued at 382.1 million euros for a period of 19 years.

- Cuernavaca (Mexico); acquisition of the concession of the Wastewater Treatment Plant (WWTP) of Cuernavaca, Morelos (Mexico). This represents contracting valued at 19.2 million euros for a period of 10 years.
- El Realito (Guanajuato and San Luis de Potosí, Mexico); acquisition of an additional 2% of the El Realito (Aquos) Concessionary Company that allows Aqualia to take control of the concessionary company.
- Île-de-France (France); contract worth 2.2 million euros for the renovation of the drinking water network in the municipalities of Goussanville and Nord D'Ecoven to be carried out in one year.
- Bonneuil-en-France (France); contract for the maintenance, operation and improvement of the water treatment system of Vaudherland Bonneuil-en-France in the Ile-de-France region, for a period of 4 years with contracting valued at 1.1 million euros.
- Île-de-France (France); maintenance, operation and control of facilities contracts for Villa de Sarcelles, SIA de Parmain - Lisle Adam and Communauté Urbaine Grand Paris Sein for a period of 4 years with contracting valued at 0.9 million euros.
- Czech Republic; incorporation of the municipalities of Mošnov (End-to-end cycle), Suchdol (Supply) and Plsečná, Řepiště and Vratimov (purification) in the portfolio of contracts of our subsidiary company SMVAK. For 9 years and contracting valued at 4 million euros.
- Saudi Arabia; acquisition of 51% of the capital stock of the companies Qatarat Saqia Desalination Co. LTD and Haji Abdullah Alireza & Company Integrated Services Co. LTD (HAAISCO), the main purpose of which is the operation of a desalination plant to supply water to the Jeddah airport. This represents contracting valued at 175.9 million euros for a period of 9 years.



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4. FORESEEABLE DEVELOPMENT

Expectations for 2021 are for a growing recovery in the levels of activity that have been affected by the Covid-19 pandemic, mainly in regions where demand is more closely linked to tourism and second homes. In this regard, we expect a recovery from the second half of the 2021 business year, which will be reinforced by the new contracts added to the scope during 2020, as well as by the maintenance of the high contract renewal rates that Aqualia consistently achieves at their expiration. This increase in revenues will lead to an improvement in profits, reinforced by the continuation of cost optimisation actions and operational optimisation measures in the contracts included in the management scope.

In **Spain** in the area of **Service concessions** for the End-to-end Water Cycle, for 2021 it is worth mentioning the expectation of maintaining similar renewal rates in concessions to those of 2020, exceeding 90%, although many new contracting opportunities are not expected due market apathy.

With regard to Europe, in **Portugal**, prospects of a slight reactivation of the concession business is expected after the legislative elections held in 2019 and based on the high budget deficit of the Municipalities and the need for infrastructure investment. Similarly, a further increase in the growth of operation and maintenance contracts is expected to be promoted by the public companies belonging to Aguas de Portugal. The competent Administration is expected to continue with the search for solutions to the management of sludge from the wastewater treatment plants in the country

In **France** new tenders are expected for the assignment of public services due to the termination of the contractual deadline for some of the existing contracts in the country.

In **Saudi Arabia** the process of modernisation and provision of the country's hydraulic infrastructures will continue, promoted by the Government in the Vision 2030 programme, by means of public-private collaboration. The Infrastructure Concession contracts tendered in 2020 will be definitively awarded and the bid for new BOT projects in the field of desalination and purification will take place. Bids for operation and maintenance contracts for water and sanitation services in the six regions into which the Saudi kingdom has been divided will also begin.

In 2021 Aqualia will consolidate the operation of the new sanitation contract for **Abu Dhabi** and that for the WWTP in **Al Dhakira, in Qatar**.

In **LATAM**, the construction phase of the **Guaymas SWDP (Sonora, Mexico)**, will be completed, giving way to a 20-year period of operation, and of the **PTAR Salitre (Colombia)**. In both countries, new concessions for desalination hydraulic infrastructure will be tendered in the states of **Baja California** and **Sonora** and for purification within the **Bogotá river decontamination programme**.



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Finally, in **Peru** the preparation of the significant private initiatives declared in favour of Aqualia will continue (5 treatment plants and 1 desalination plant) and in the **USA**, there will be a presentation of the projects currently under study to their corresponding clients under the formula of "unsolicited proposals", for their evaluation and, if accepted, for subsequent execution.

5. CUSTOMER MANAGEMENT

A key factor for Aqualia is to broaden the Company's commitment to society, with the aim of providing excellence in customer service. The Company seeks to differentiate itself in the market by developing services adapted to the needs of its users. During 2020, it has continued to make progress in a strategic orientation towards the end customer, with a special emphasis on the quality of the interaction channels with its users, fostering technological investment especially in this year where the world was affected so much by the pandemic.

5.1. Customer Service Channels

The main management indicators for 2020 in our *aqualiacontact* Customer Service channels are the following:

- **Customer service by telephone.** In 2020 the Customer Service Centre received **1,240,219** calls. Due to the state of alarm, the closure of the on-site offices and other health measures taken, the Customer Service Centre has received 54% more calls than last year.

The specialised customer service provided by our managers, as well as the proactivity and speed with which they provide this service through a remote work system under the Presence solution (Evolutio), has allowed customers to be assisted continuously and without interruptions through various customer service and breakdown communication channels, such as the Customer Service Centre by telephone, the Virtual Office, the App, Twitter and email.

Following the closure of Aqualia's sales offices during the worst months of the pandemic, informative SMS messages and emails were sent out so that all customers were aware of the different channels available, with the Customer Service Centre being the channel preferred by our customers for their communications.

After the gradual opening of the on-site offices and the end of the state of alarm, the sanitary measures of social distancing, use of face masks, disinfection of areas, etc., came into force.

The Telephone Customer Service Centre made the "Appointment Management" service available to customers, so they could avoid waiting and avoid crowds in on-site offices, improving not only the telephone service but also offering a faster, more efficient and pleasant face-to-face service with full health guarantees.

- **Virtual office, aqualiacontact.** In 2020 we managed **163,814** interactions, which was **26%** more compared to 2019. Among them, those for a change of data stand out with 32.34%, 23.77% for e-billing and 19.85% for payment via bank card.
- **Application for mobile devices.** Through the App made available to our customers, in 2020 we managed **62,562** interactions, **50.2%** more compared to 2019, 20.99% of these being for a change of data and 64.08% for payment via bank card.
- **Twitter @aqualiacontact.** This channel also remains active within the omnichannel project, in which Aqualia incorporated Customer Service through the Twitter platform to its channel list. Messages sent by users are handled and managed through the @aqualiacontact account. SMS messages are also managed for the notification of invoices with incidents and warnings regarding network breakdowns.
Through Twitter we managed **51.5%** more interactions in 2020 compared to 2019.
- **E-billing.** In 2020, **15,277** customers have requested the activation of e-billing, increasing this ratio by **85%** over the previous year.

The efficiency of all client relationship channels gave us a **very low complaints rate of 0.41%** to December 2020, with an **average time for response to claims of less than 11 days**. It is also worth mentioning the average installation time for a meter (from the time the request is recorded), established as five days.

In order to respond to the high expectations of our clients with regard to the service offered Aqualia will continue to progress towards providing all our clients with a high-quality omnichannel experience in their interactions with the Company.

The following objectives have been set in this area:

1. **Integration of all channels.** Channels working in unison, interrelated in real time. The new implementation project for **Microsoft Dynamics CRM**, started in 2021 and will enable all channels to be interrelated in real time with greater accessibility, availability and integrity in the information corresponding to the interactions. 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 and that provides sufficient flexibility, guarantees availability and access to information in an agile and flexible way through guided processes.

2. More pleasant and higher quality client experience

- Any operation from any channel.
- Unique processes for all channels.

3. More responsive and capable attention

- Cross platform clients.
- Efficient use of resources, development of communication skills by channel.

5.2. Billing and payment management.

The Client Management Department maintains the same strategic vision in the development of management tools, mainly with the finalising of the implementation of the unique tool for invoicing and debt management for non-tariff concepts, and the advancement of new functions for the Business Intelligence tool regarding, for example, the renewal of meters, fraud, adaptation to the procedures for debt statements and client type.

Overall, due to the COVID-19 pandemic situation, billing has varied compared to the previous year, with a -2.24% decrease in m3 consumption, which means a decrease in the amount invoiced of -0.71%, mainly affected by the drop in consumption by non-domestic consumers (-14.76%) and high water consumption (-7.45%). These effects have been offset by the 3.22% increase in domestic consumption as a result of lockdown.

Likewise, in view of the pandemic situation and the closure of the on-site offices, the various customer service channels have been enhanced in order to carry out the necessary procedures and collection management has been made more flexible for vulnerable members of the public

5.2.1 Average period for payment and default

This has led to a continuous improvement of processes to achieve an average collection period in Spain of 2.35 months, which means that the trend of the previous two years has remained constant through the strengthening the proper management of collections despite the impact of the pandemic.

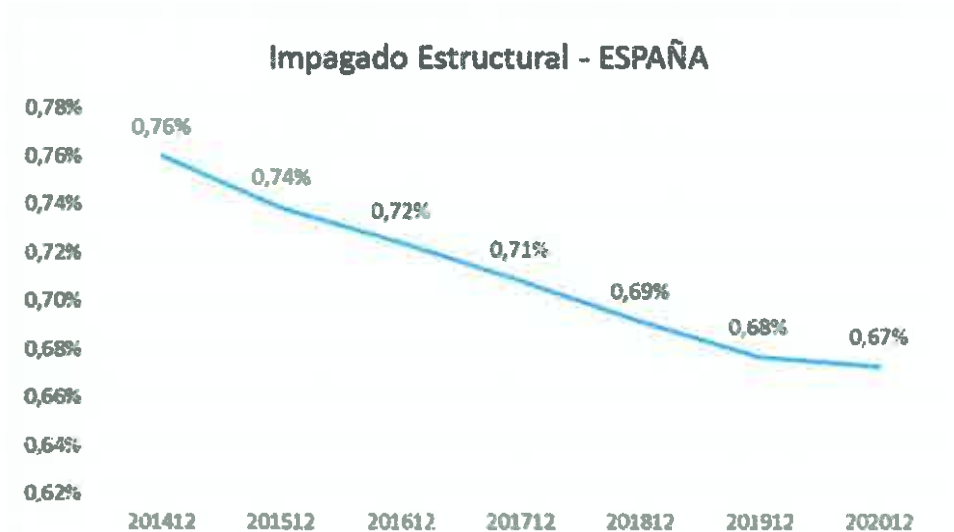
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At an overall Aqualia level, there has been a slight upturn in the average collection period due to the increase in activity in the International area over the last two years, with the incorporation in 2020 of the Córdoba Department and Villa del Rosario concessions acquired in Colombia, the acquisition in January 2020 of the companies Qatarat and Haaisco (Saudi Arabia) and the takeover and consolidation beginning in June 2020 of the El Realito Aqueduct (Mexico). This is in addition to the progress of work on the Glina WWTP (Romania) and the application of the advance payments previously collected on the Abu Rawash WWTP (Egypt) and Salitre WWTP (Colombia) projects (EPC).



In the tariff processes structural default has been improving annually, with greater weight for that of Spain, developing as follows:



Aqualia has continued its campaign to promote the use of e-billing and in this way progressively replace as many invoices issued on paper as possible. This action has enabled an increase over the previous year of 20.4% in the number of electronic invoices issued, reaching a global ratio of 14.1%, thus contributing to the fight to preserve the environment, reaching 540,533 clients who opt for receiving this type of invoice.

The task of minimising the difference between the volume of water supplied to the network and the actual amount consumed is a basic aim for any company like Aqualia. To achieve this, in addition to using sophisticated smart network monitoring systems and upgrading those networks that become obsolete in order to avoid leaks as much as possible, plans are designed to detect fraudulent actions or uses of drinking water.

In 2020, despite the pandemic, more than 7,100 cases of fraud were detected for a volume of consumption equivalent to 3.7 million euros. As a complement to these actions, more than 342,000 meters were renewed for different contracts.

5.2.2. Meter Reading Mobility Project

In 2019-2020, an ambitious project in the field of meter reading was developed. The project aims to update the mobility solution implemented for taking meter readings (TPL), providing it with online and

offline features with the current DIVERSA commercial system implemented in Aqualia. The solution will be implemented through smartphones, for the purpose of providing functionalities relating to the taking and management of meter readings.

With this project, Aqualia intends to improve the current processes for taking and managing readings, and to achieve efficiency in the shortest possible time and with the least economic impact. The project was developed in 2019, with end user tests in the field finishing with great success December. The pilot scheme scheduled for January 2020 was a success, with the corresponding deployment for other operations taking place gradually.

Deployment to production of the Meter Reading Mobility Project:

- The pilot trial was carried out in Alcalá de Henares with satisfactory results.
- Subsequently, it was implanted in Ávila, Salamanca, Lleida, Llíria, Sant Josep, Écija, Jaén, Sanlúcar and Mérida with satisfactory results, which allowed its mass implementation.
- As at December 2020 it has been implemented in:
 - 439 services implemented (Spain) and 6 (Italy and Portugal)
 - 5,296,171: readings made to date with the new App
 - 20,241: reading routes exported to the App
 - 2,589,927: contracts exported to be read in the App
- Completion of the deployment is scheduled for Q1 2021.

5.2.3. CRM Microsoft Dynamics

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

- The solution includes a new website for customers that will replace the current virtual office and will be deployed to users of the Call Centre and the new virtual office, covering all operations, with the corresponding adaptations of the CRM currently in progress.
- Testing of the technical team and the business team has been carried out in the last quarter of 2020 with satisfactory results.
- Development is scheduled for completion in February 2021, with testing in March and April and implementation in May 2021.

5.3. 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 new developments established by the Regulation required adjustments to be made in the field of data protection within all the Entities, given that it applies to all the affected Areas in the following aspects:

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

During the adaptation project, the implementation of the *eprivacy* tool has been managed. In this tool, records of processing activities are kept for all entities. It has a document and evidence manager, as well as a risk assessment tool.

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

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- Initial situation in 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 in December 2020

Riesgos. Probabilidad e impacto

PROBABILIDAD

Muy alta - Máxima	0	0	0	0
Alta - Significativa	0	0	0	0
Media - Limitada	111	90	17	0
Baja - Despreciable	124	664	180	0
	Bajo - Despreciable	Medio - Limitado	Alto - Significativo	Muy alto - Máximo

IMPACTO

- The extension of the adaptation works started in 2020 is planned for 2021: International data transfers between FCC Group entities project
- FCC Group Data Storage Periods Project.
- Aqualia National Security Scheme Adaptation.

5.4. Social action

Although the capacity to set tariffs and regulate the provision of services in the comprehensive water cycle in Spain is the exclusive competence of the Administration, Aqualia actively promotes social action mechanisms in the tariffs and solidarity funds for the most disadvantaged users. The Company



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has also worked to improve coordination with municipal social services to protect citizens at risk of vulnerability or social exclusion. As an example, Aqualia's CSR policy has included the renewal of its collaboration agreement with Caritas Española since 2015, and with UNHCR since 2019 to support the initiatives of this humanitarian organisation in Spain. Access to water has also been guaranteed to all vulnerable people and payment deadlines have been extended for all customers affected by the pandemic.

6. EFFICIENT AND SUSTAINABLE MANAGEMENT

6.1. Management Systems

One of Aqualia's priority objectives is the continued support of compliance with the United Nation's Sustainable Development Goals (SDG), concentrating on those that affect the water sector and our stakeholders:

- No. 3. Good Health and Well-Being.
- No. 6 Sustainable Clean Water and Sanitation.
- No. 7. Affordable and Clean Energy.
- No. 8. Promoting Sustained Economic Growth.
- No. 9 Building Resilient Infrastructures.
- No. 11. Achieving Sustainable Cities and Communities.
- No. 12. Guaranteeing Sustainable Production and Consumption.
- No. 13. Adopting Urgent Measures to Tackle Climate Change.
- No. 14. Sustainably Conserving Marine Resources.
- No. 15. Tackling Desertification and Protecting Biodiversity.
- No. 17. Partnerships to Achieve the Goals.

Aqualia also has an ongoing strategy of creating shared value, responding to the expectations of its stakeholders and taking a deeper look at the tools that enable us to understand and measure social and environmental impacts, as a support for the creation of economic value and the company's increased competitiveness (calculation of the social and environmental footprints). To achieve this, in 2020 we have taken the following steps:

- 8. Integration of the new ISO 45001 Standard, in the Aqualia Management System, reviewing and updating all the procedures and coordinating the internal and external audit processes (AENOR).**
- 9. Increased efficiency in the process of internal Audits, through the editing of integrated reports, and external ones, with duly qualified auditors, which enable audits to be carried out of the Quality, Environmental, and Energy Management Systems, calculation of the Carbon Footprint and Safety and Health at Work.**
- 10. Certification in Asset Management of an international contract, which allows more efficiency and accuracy in the operation of managed infrastructures.**
- 11. Increased scope of the Energy Management and Climate Change strategy.**
 - Follow-up on contracts with energy review.
 - Calculation and verification of the Carbon Footprint for all Aqualia activities in Spain and Portugal.
 - The registration of the Carbon Footprint in the OECC (Spanish Office for Climate Change) of the MITECO (Ministry for Ecological Transition) for all Aqualia's activities in Spain.
 - Review of the Carbon Footprint Reduction Plan for Aqualia's Activities.
 - Verification of the emissions avoided in the MITECO OECC CLIMATE Project, approved in 2018, for the use of alternative fuels corresponding to the company's activity and in cars.
 - Follow-up on the project for the Implementation of the Energy Management System in all activities in Spain, in compliance with RD 56/2016.
- 12. Adaptation of the general procedures for the Management System to the FCC Group's Compliance model to respond to the designation of process owners and their corresponding controls.**
- 13. Participation in AENOR meetings and forums and in AEC work groups.**



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14. Participation in the Spanish Chamber of Commerce Circular Economy Commission in which legislative initiatives are analysed and meetings are held with policy makers.

As a complement to the above, the strategy maintained with the Company's stakeholders consists of incorporating the processing of Aqualia's stakeholders and the contextual analysis of the Company into the Management System, as a requirement for the new Standards and as support to other Aqualia departments in their daily work (Clients, Compliance, Reporting, RSC, HR, etc.).

6.2. Energy Management

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 for continuous improvement.

Not surprisingly, the calculation of the company's Carbon Footprint for its holdings in Spain, verified according to UNE-ISO 14064 Standard guidelines by AENOR, shows that the component with the greatest impact on Aqualia's Carbon Footprint is the consumption of electrical energy (Scope 2).



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Greenhouse Gas Emissions in Spain (2019):

	t CO ₂	t CH ₄	t N ₂ O	GHG 2019 (t CO ₂ e)	%
Scope 1	7,615.4	2,173.3	24.2	74,876.9	37.5%
Scope 2	94,583.3	0.0	0.0	94,583.3	47.4%
Scope 3	13,346.2	0.0	63.3	30,111.1	15.1%
TOTAL	115,544.8	2,173.3	87.4	199,571.3	

In this regard, two projects have been launched in 2020 with the aim of reducing GHGs.

A PPA (Power Purchase Agreement) was signed for 76 GWh/year of renewable energies (photovoltaic), which came into operation in July and will reduce emissions by around 15,200 t CO₂e/year.

Furthermore, the project to install 3.2 MW of peak capacity photovoltaic panels, which will supply 26 consumption points, with an expected annual production of 5 GWh/year, which will result in a reduction of GHG emissions of around 1,000 t CO₂e/year.

Improvements to reduce energy consumption

Since 2016, and every four years, the company undergoes energy audits (in accordance with ISO 50001-Energy Management Systems) to a collection of production facilities that consume more than 85% of the company's total energy consumption. As a follow-up to the improvement opportunities detected in the audits, the functional design of a computer tool was developed, which is promoted under this standard. This tool will be integrated into Aqualia's reporting/technical analysis tool (AqualiaRT / AqualiaBI) enabling follow-up of the actions and the results obtained in them.

In 2020, the office building in Las Tablas, where Aqualia has its headquarters, has been certified in terms of energy management. In this way, consumption of this building is expected to be optimised, that, as is the case with the rest of the offices, have a much lower impact on the company's carbon footprint than the production installations, but which are Aqualia's showcase for its end-clients, so here is where we can demonstrate our environmental commitment.

6.3. Projects for Improved Technical Management

During 2020, as in previous years, we continued with the implementation and development of the activities related to the improvement of management, both at an operational level and regarding deployment of new platforms to standardise best practices at a technical level for the company. The most prominent ones have been:

6.3.1 Energy Management

- Initial operation of the centralised monitoring and control platform for proposals and improvement objectives of the different contracts, relating to energy efficiency, under the ISO 50001-Energy Management Systems standard.
- Change of energy billing control platform, from the previous one, *Bempower*, to a new one, *Synergica*, which is much more powerful and has allowed a more immediate and comprehensive control of the energy costs invoiced by the retailer.
- Initial operation of the SILICE platform for the collection of data on gas production and its destination in the WWTPs managed, in order to be able to declare the data for the settlement of the Hydrocarbon Tax in a centralised manner on the Tax Agency's platform.

6.3.2. Asset Management

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

6.3.3. Technical Reporting

In 2020, centralised monthly technical reporting was achieved, covering 90% of the scope operated by the company.



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As a result, centralised monthly technical data is now available for all contracts operated in Europe, Africa and the Middle East.

The aim for the coming business year is to extend the scope to 100% of operations globally.

The platform used is Aqualia RT/BI, which, translated into Spanish, English, French, Italian, Czech and Arabic and with the capacity to adapt to any type of technical operation managed by the company, is a very valuable repository of technical data to support the company's technical and economic operation.

6.3.4. Technology Transfer

During 2020, a new tool has been implemented, complementing the function of the Department of Innovation, which is the Technology Transfer tool.

The main aim is to create products, activities or processes that are commercially exploitable (internal or external market), derived from the results of the different projects of the Department of Innovation, as well as to propose new lines of technological innovation according to the internal needs that are identified or detected from the Production line.

6.3.5. Approved Laboratories

With regard to FCC Aqualia's network of accredited laboratories, several noteworthy events took place in 2020, which have clearly strengthened the company's activity.

At the beginning of the year, the Badajoz laboratory was accredited by ENAC (National Accreditation Entity), which means that there are now 6 accredited laboratories for water analysis in Spain (Badajoz, Oviedo, L rida,  vila, Jerez and Adeje).

In addition, the other five laboratories passed the ENAC audit, renewing their accreditation and achieving an unprecedented increase in the number of parameters in the activity of these laboratories, with an additional 405 parameters in different matrices: drinking and packaged water, inland, swimming pool and sea water

Lastly, in December, the Laboratorio di Acque Potabili di San Giuliano, in Italy, obtained accreditation from the Italian national agency (ACREDIA).

Accreditation of the Aguas de Consumo de Vigo laboratory is also underway, with accreditation expected in 2021.

This will give the company a network of 10 accredited laboratories in Spain, Italy and the Czech Republic.



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Also noteworthy is the activity developed by the company in the monitoring of COVID-19, the company's expert staff, in collaboration with the CSIC (Spanish National Research Council), under which, through the signing of an agreement, the wastewater of different municipalities of Castilla León, Galicia and Castilla la Mancha is being analysed.

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

7. INNOVATION AND TECHNOLOGY

Aqualia's innovation activity is in line with European policies for the transition to a circular economy with a zero carbon footprint, seeking the development of new smart management tools and new proposals for sustainable services. In this way, the Department of Innovation and Technology (DIT) supports the company in achieving the United Nations Sustainable Development Goals (SDGs), towards an affordable and high quality water and sanitation service (SDG 6), optimising its energy balance (SDG 7) and avoiding its impact on the climate (SDG 13) through sustainable production and consumption (SDG 12).

The attached table summarises the projects developed by the DIT during 2020 (and its concluding dates), strengthening Aqualia's technological proposal, organised along four lines of work: Quality, Eco-Efficiency, Smart Management and Sustainability.

During the 2020 business year, five projects were expected to be completed:

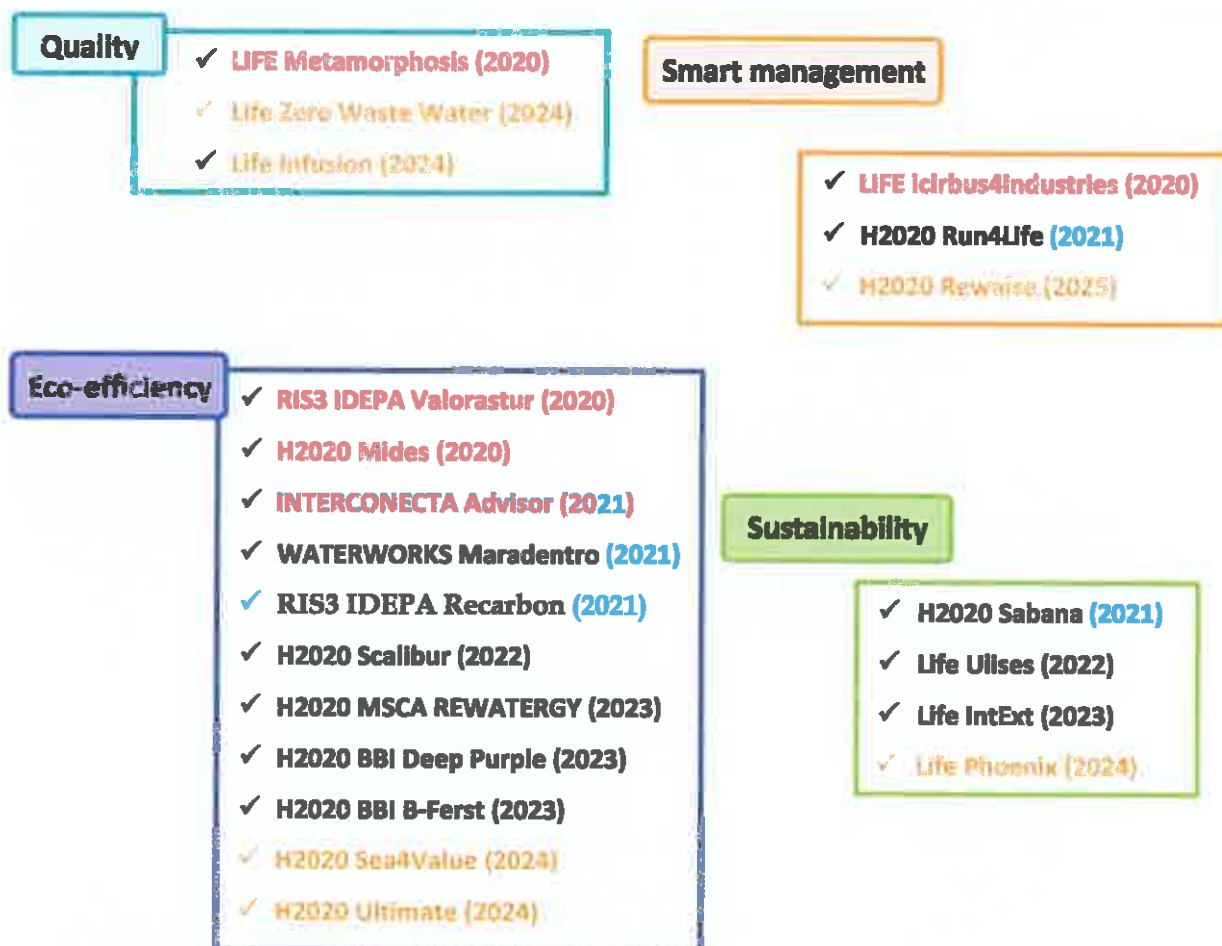
- 2 European Life projects: Methamorphosis and Icirbus4Industries
- 1 Interconecta project (Feder): Advisor (extended until March 2021)
- 1 Regional RIS3 Idepa project: ValorAstur
- 1 EU H2020 framework programme project: Mides

The development of ten other ongoing projects has continued:

- 1 Regional RIS3 Idepa project: Recarbon
- 1 Water Joint Project Initiative (ERA-NET) project: MarAdentro
- 1 Marie Sklodowska Curie training project (MSCA): Rewatergy
- 2 of the Life programme: IntExt and Ulises
- two of the Bio-Based Industries (BBI) Initiative: B-Ferst and Deep Purple
- 3 within the H2020 programme: Run4Life, Sabana and Scalibur

And thanks to the public calls for proposals for 2019, six new projects have begun:

- 3 European Life projects: Infusion, Phoenix and Zero Waste Water
- 3 EU H2020 programme projects: Rewaise, Sea4Value and Ultimate



7.1. Projects completed in 2020

The five projects in the final phase in 2020 achieved the following results:

- **RIS3 Valorastur:**

With the aim of achieving eco-efficient wastewater treatment, the RIS-3 programme of the Institute of Economic Development of the Principality of Asturias (IDEPA) has supported Aqualia's collaboration with two large public companies and the SME Ramso. It delivered new drying equipment to the Grado WWTP to confirm that the calorific value (PCI) of the material, obtained in preliminary tests, is almost double that required for energy recovery, allowing waste to be transformed into new resources.

Together with the Institute of Carbon Science and Technology (INCAR, part of the Spanish National Research Council (CSIC) in Oviedo), new low-cost adsorption materials (at less than 500 €/t) have been developed from dried sewage sludge, with activation by pyrolysis.

Adsorbents can be used for deodorisation, or to support aerobic membrane reactors (MBR). In a 15,000 m³/d MBR plant, savings of 10% in energy and chemical consumption (with longer filtration periods and 30% less cleaning products) are estimated, which together reduce annual operating costs by almost €50k, representing a return of the investment in the materials in a few months.

The project also implemented the optimisation of the nutrient removal process at the San Claudio WWTP. The reduction in electricity costs, in the minimisation of the purchase of iron salts (by optimising the biological elimination of phosphorus), and in mud production, is close to 30k €/year, which means that the costs of improving the automated control system can be amortised in less than a year.

- **Interconecta Advisor:**

Co-financed by the CDTI with FEDER funds, the project has implemented new pre-treatment and co-digestion methodologies for meat waste (Maguisa) at the WWTP managed by Aqualia in Guijuelo, supported by municipality and with the collaboration of AINIA. A new digester control system based on LIDAR (Laser Imaging Detection and Ranging) technology is also being developed to detect foams.

The increase in biogas production has been harnessed with an ABAD Bioenergy biomethane upgrading system, and a dispenser to fuel a specific vehicle at the WWTP followed by EnergyLab, which has already travelled 15,000 km. With the COVID contingency, the project is extended until March 2021.

ADVISOR has been selected as one of 101 business actions of the 2020 #PorElClima (For The Climate) community, and its CO₂ reduction impact has been certified by the Carbon Fund for a Sustainable Economy (FES-CO₂) of the CLIMA Programme of the Ministry for the Ecological Transition (Miteco).

In addition, two demonstration prototypes were installed at the WWTP:

- An anaerobic effluent treatment reactor with a flow rate of 250 l/h using a bio-electrochemical fluidised bed FBBR, developed in the Life Answer project based on the joint patent with the University of Alcalá de Henares (EP2927196A1) and undergoing trademark protection (Elsar: Electro Stimulated Anaerobic Reactor).

- A continuous thermal hydrolysis of the innovative SME teCH4+ that simplifies the process and reduces the installation and operating costs of digestion pre-treatment.
- **Life Icirbus:**

Led by the Intromac technology centre and with six other partners from Extremadura, the project has developed a prototype at the wastewater treatment plant in Lobón (Extremadura), managed by Aqualia, to demonstrate the adsorption of metals contained in some wastewater treatment plant sludge by biomass fly ashes from the company ENCE. The process was protected with a utility model, and the treated ashes are integrated as aggregates in building materials, while the residual sludge reduces its odours, and is added to a compost that was used for different crops.
 - **Life Metamorphosis:**

As part of this project led by Aqualia, together with five other entities (Área Metropolitana de Barcelona AMB, FCC Medio Ambiente, Naturgy, Icaen and SEAT), two biomethane production demonstration plants were implemented:

 - The first one, at Ecoparc2 del Besós (Barcelona), co-managed by FCC MA, integrates three technologies patented by Aqualia (AnMBR for anaerobic membrane treatment, ELAN for ammonia removal, and ABAD Bioenergy biogas scrubbing), to convert the leachates from the digestion of municipal waste into biomethane, which has been used in municipal solid waste collection trucks.
 - In the second one, Naturgy has used slurry and other waste to fuel test cars, which have travelled more than 150,000 km, and then been dismantled and analysed to assess the effect of biomethane.

Development continues with the LIFE Infusion project to prepare design parameters for future AMB resource recovery plants, and to evaluate technologies in Asturias with another waste management contractor (Cogersa).
 - **H2020 Mides:**

The project, with eleven partners from seven countries, has led to the setting up of two demonstration units of a new biological desalination technology, patented by Aqualia and IMDEA Agua, in plants operated by Aqualia in Denia/Alicante and Guía de Isora/Tenerife. This microbial desalination cell (MDC) reduces the energy cost of desalination by up to ten times compared to traditional seawater reverse osmosis. Instead of electrical energy, residual organic matter from effluents is used to activate bacteria that generate a difference in power without external energy

input, to move salts through ion exchange membranes, at the same time as the treatment of wastewater effluent that serves as fuel.

The project has also contributed to the construction of the Desalination Innovation Centre in Denia, where a platform has been built to evaluate various pre-treatments, with multi-membrane and media filtration pilots. In addition, re-mineralisation post-treatments and alternative disinfection methods without resorting to hypochlorite are optimised. In the search for more efficient membranes, biomimetic modules that reduce nitrates in drinking water have been installed for testing in Santa Cruz de Tenerife, a solution that has proved to be competitive with conventional solutions.

In addition to the technological development projects, it has invested in scientific training, participating as an industrial partner in the Rewatergy project of the H2020 Marie Skłodowska Curie programme of European academic networks, led by Rey Juan Carlos University. Two researchers have started their PhDs, to join Aqualia in 2021 for practical work:

- at the University of Cambridge, focused on production of hydrogen from ammonia in wastewater,
- at Ulster University, developing photo- and electro-disinfection processes to remove micropollutants from drinking and waste water.

7.2. Projects scheduled to end in 2021

In 2020, four other projects, one from IDEPA's RIS3 programme in Asturias, one from the JPI WATER co-funded by CDTI, and two within the H2020 programme, are in their final phase of development, with completion expected during 2021:

- **RIS3 Re-Carbon**

Financed by IDEPA with FEDER funds, and led by the engineering company INGEMAS with two SMEs (Biesca and InCo), Aqualia supports the MCAT institutes (Microwaves and Carbons for Technological Applications) of the INCAR (Institute of Carbon Science and Technology) of the CSIC and the CTIC (Information and Communication Technology Centre Foundation) in the investigation of methods of adsorption of pollutants by regenerated activated carbon and biochar. The aim is the cost-effective supply of a sustainable adsorbent for water or gas applications.

Together with the Hidrotec laboratory in Oviedo, advanced micropollutant analysis methods are developed to evaluate the innovative activated carbon adsorption units optimised using Biochar. The feasibility of cleaning biogas at the Jerez, Chiclana and Lleida WWTPs and deodorisation at the San Claudio and Luarca WWTPs is being tested. The adsorption of micro-pollutants and new

sensors that allow real-time monitoring at the Grado WWTP and the Cabornio DWTP are also being studied.

- **JPI MarAdentro**

The project "Managed Aquifer Recharge: Addressing The Risks of Regenerated Water" is led by the Institute of Environmental Assessment and Water Research in the European Horizon 2020 ERA-NETs Cofund WaterWorks2018 programme, with the participation of partners in France, Italy and Sweden.

A 400 m² infiltration system will be built at the Medina del Campo WWTP for the advanced treatment of treated water and its reuse in recharging aquifers. With the scientific institutes, system design and simulation tools will be developed, optimising the operation and costs of processing contaminant removal compared to conventional tertiary treatment.

- **H2020 Sabana:**

The University of Almeria leads eleven partners from five countries (including the Czech Republic and Hungary) with three large companies: Aqualia, Westfalia (Germany) and the Italian food group Veronesi. The project optimises the production of new biofertilisers and biostimulants from algae, and work is nearing completion on two cultivation units totalling five hectares and corresponding biorefineries at the WWTPs of Mérida and Hellín (Albacete).

- **H2020 Run4Life:**

Led by Aqualia, a consortium of fifteen entities in seven countries implements in four demonstration sites (Sneek/Netherlands, Ghent/Belgium, Helsingborg/Sweden and Vigo/Spain) new concepts of nutrient retrieval from the separation of grey and black waters. In Sneek, new vacuum toilets with minimal water consumption are tested in thirty-two houses by facilitating direct thermophilic digestion of sewage in an innovative bioreactor.

In Vigo's Free Trade Zone, Aqualia operates an MBR in an office building for grey waters, which is reused in the toilets, and an AnMBR in black waters to produce bioenergy. Various nutrient recovery options are tested, followed by advanced oxidation to remove viruses and processing contaminants, and by evaluating the quality and safety of effluents and by-products as fertilisers through greenhouse cultivation trials.

A larger installation is being prepared at the Balaídos industrial estate with effluent from Citroën, and the bioelectrochemical FBBR technology (Elsar patented process) is being evaluated for the direct treatment of sewage, using the inoculum from the Guijuelo reactor as biomass.

The other two demonstration sites, in hundreds of new flats in Ghent and Helsingborg, include, in addition to grey and black water separation, organic kitchen waste. In 2020, the housing was unveiled and the energy and nutrient recovery facilities came into operation. An important part of the project is the dialogue with the users of new services and by-products to optimise services and water and energy consumption through decentralised management of these systems and to assess the effect of new fertilisers.

- **H2020 Scalibur**

The project led by the Itene technology centre and involving twenty-one partners from ten countries, reached its halfway point in 2020. Since the end of 2018 and with a duration of 4 years, it has focused on waste reduction and recovery on a European scale. With the participation of FCC Medio Ambiente, the project focuses on improvements to waste processing plants in Madrid, Lund (Sweden) and Rome (Italy) to recover resources and promote the circular economy.

Within this framework, Aqualia has implemented new sludge treatments at the Estiviel WWTP (Toledo), with improvements in thickening (Orege system) and dual digestion in two stages, and simplifying mud stabilisation without heated concrete structures. The project has facilitated Initial innovation activities at SmVaK in the Czech Republic, to convert organic matter into by-products and bioenergy.

7.3. Projects fully under development

Four other EU-funded H2020 projects, which started in 2019, are in full swing during 2020, two in the Bio-Based Industries (BBI) initiative, and two in the LIFE programme:

- **BBI Deep Purple:**

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

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

BBi B-Ferst:

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

- **Life IntExt:**

The project is led by Aqualia, with the AIMEN and CENTA technology centres and the Aarhus University in Denmark supporting SMEs in Germany, Greece and France to optimise low-cost wastewater treatment technologies in small towns. The aim is to minimise energy costs, carbon footprint and waste, and to provide ecologically and economically sustainable solutions. The construction of a demonstration platform for these technologies at the Talavera WWTP operated by Aqualia is in its final phase.

- **Life Ulises:**

The project coordinated by Aqualia is supported by three technology centres, CENTA, EnergyLab and CieSol of the University of Almeria. To optimise and transform conventional WWTPs into "energy production factories", eliminating their carbon footprint, anaerobic pretreatment with the PUSH reactor is being implemented at the El Bobar WWTP in Almeria, operated by Aqualia, which is also being evaluated at two WWTPs in Portugal. Digestion is improved by hydrolysis and biogas is used as a vehicle fuel with an ABAD BioEnergy refining system and a biomethane dispenser.

7.4. Projects started in 2020

In 2020, six new European projects were launched, with more than ten participants in each of the major European support programmes, Life and H2020:

- **Life Infusion**

After the completion of the Life Methamorphosis project, the Barcelona Metropolitan Area wanted to extend the project to prepare the designs for several new resource recovery plants.

Together with the EureCat technology centre and the operator of Ecoparc2, EBESA, the leachate digestion system will be optimised with Aqualia, AnMBR and ELAN technologies, with the addition of an ammonia stripping system from the Belgian SME Detricon. Two waste management entities, Cogersa in Asturias and AMIU in the region of Genoa/Italy are also participating to evaluate the options for implementing the solutions in their plants.

- **Life Phoenix**

The project, led by Aqualia and supported by the technology centres CETIM and CIESOL, will optimise tertiary treatment to achieve the most ambitious aims of the new European regulation on water reuse (EU 2020/741). In order to evaluate various effluents, from ADP in Portugal, the Almeria Provincial Council and the Guadalquivir Hydrographic Confederation, three mobile plants have been designed, a 50 m³/h physical-chemical treatment plant, a 30 m³/h filtration plant and a 20 m³/h ultrafiltration plant.

In addition, Newland's European subsidiary company Entech is participating with an ozone O₃ and ultraviolet UV disinfection module, and the Dutch SME MicroLan for online microbiological measurements.

- **Life Zero Waste Water**

The project, led by Aqualia, will demonstrate at the Valdebebas WWTP, with Canal Isabel II as a partner, the combined treatment of Urban Wastewater and of Organic Fraction of Municipal Solid Waste (OFMSW) with the AnMBR anaerobic reactor, followed by ELAN in the water line, for 50 m³/d, allowing water treatment with a neutral carbon footprint. The management of OFMSW at a municipal level and the possibility of connection with the sewer system for the transport of the mixture in a single stream.

In addition to the Universities of Valencia (AnMBR) and Santiago (ELAN), the Portuguese SME Simbiente is participating in the development of an advanced management system, combined with online monitoring of microbiological quality by the Austrian SME VWS (Vienna Water Systems).

- **H2020 Sea4Value**

Led by the EureCat technology centre, and with 14 partners from seven countries, the project focuses on recovering resources from concentrated brine in seawater desalination plants (SWDPPs), with basic scientific developments funded 100% by the EU. At least eight innovative technological solutions are expected to enrich the most valuable components of seawater (lithium, caesium and rubidium) and the recovery of critical raw materials (magnesium, boron,

scandium, gallium, vanadium, indium, molybdenum and cobalt) to a purity that allows their exploitation on the market.

At its Desalination Innovation Centre in Denia, Aqualia will continue to develop solutions for the valorisation of brine and new desalination methods, with solar concentration of brine, selective precipitation of magnesium, obtaining chlorine dioxide, and optimisation of the remineralisation of permeate with micronised calcite, reducing CO₂ consumption, turbidity and the size of the installation. The implementation of pilot units in the various WWTPs operated by Aqualia will be evaluated, with an analysis of the technical and economic impact.

- **H2020 Ultimate**

In the "Smart Water Economy" call for proposals, Aqualia participates in two of the five selected consortia, which receive up to 15 M€ of support per project. In Ultimate, led by the Dutch technology centre KWR, nine demonstrations of synergies between water utilities and industries are implemented with 27 partners.

At the Mahou WWTP in Lleida, operated by Aqualia, the comparison of the FBBR (Elsar) and AnMBR anaerobic reactors at a 20 m³/h scale is being prepared to recover biomethane and power a fuel cell. The co-digestion of yeast is also being studied, as well as support for Aqualia's other client partner, Aitasa.

- **H2020 Rewalse**

The Rewalse project has the largest business participation of the five projects selected in the "Smart Water Economy" call for proposals, and Aqualia leads the twenty-four partners including water companies from the UK (Severn Trent), Sweden (Vasyd) and Poland (AquaNet) and 7 SMEs to implement new circular economy and digital management solutions in nine "living labs" including Aqualia's implementations in Badajoz, Canary Islands, Denia and Vigo.

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

7.5. Patents

In 2020, 4 new patents were granted:

- **Anaerobic Membrane Reactor (AnMBR, together with U. of Valencia and UPV):**
 - US 10,577,266 with grant date 2020-03-03

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- EP 3225596 B1 with publication date 2020-05-20
- Bioelectrochemical Fluidised Bed Reactor FBBR (Elsar, together with UAH):
 - EP 2927196 A1 with publication date 2020-04-22
- Photobioreactor with purple bacteria (ADVANSIST, together with URJC):
 - EP3546562B1 with publication date of 2020-08-12
- Microbial Desalination Cell (MDC, together with Imdea Agua):
 - EP 3336064 A1 with publication date 2020-08-26

These patents are incorporated into Aqualia's industrial property with ELAN[®] (EP 2740713 A1, and its extension EP 3255016 A1), ABAD Bioenergy[®] (EP 15382087.3) and LEAR algae reactors (EP 2875724 B1 and EP 2712917 B1).

7.6. Publications and Events.

In terms of publications and conference participation, with the delay and cancellation of many events due to Covid restrictions, the Innovation team participated in only half as many scientific and professional conferences as in previous years. But its work is partially reflected in the documentary "Brave Blue World" (on Netflix: [youtube.com/netfix BraveBlueWorld trailer](https://www.youtube.com/watch?v=netfix_BraveBlueWorld_trailer)) and in over one hundred and fifty press articles, as summarised in the table below, including the front cover of [IAgua | December 2020](#) :

	2017	2018	2019	2020
Scientific articles (*)	11	13	12	5
Sector press	117	131	108	63
Generalist press	113	94	139	93
International events	33	24	24	14
Domestic events	18	31	19	11

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Other		2		
TOTAL	292	295	302	186

8. PEOPLE AND CULTURE

8.1. General lines of action

After the new re-definition of the activities of the Department of People and Culture, our different functions developed around the Be Aqualia project come together under a common focus and motto: **People who work for people.**

Be Aqualia is the company's cultural transformation project consisting of coherent and consistent involvement from the human resources function. This involvement is in line with the company's strategic plan and business vision and is supported by the management of people who lead the company's managers.



During this business year, maintaining the key aim of becoming a **Healthy Organisation**, work has continued on the basis of the seven blocks of action identified as "health assets" that constitute the different lines of work that will be described in the different sections that appear below. In addition, in order to set out our roadmap for this purpose and to optimise both the means and resources available for it, during 2020 (prior to the pandemic) we began to work on the design and organisation of a specific, cohesive and interrelated Planning and Quality Strategic Plan, through which to establish synergies and create value, both intradepartmentally and towards the rest of our stakeholders. The plan aims to focus on three key areas: senior management, production and the Be Aqualia community.



However, it cannot be forgotten that 2020 has been marked by the pandemic, and how this has clearly significantly affected the activity of these processes, forcing us to redefine the short-term needs for its management, both in terms of dedication of time and resources and in the establishment of criteria and priorities.

8.2. Work-life balance

Aqualia retains its *efr* (family-responsible company) certification obtained in 2017. In 2020, Aenor conducted the second follow-up audit of the corresponding certificate with satisfactory results. It is currently preparing for the renewal audit of the certificate that will take place in February 2021.

During the 2020 business year Aqualia has continued to promote knowledge and use of the *efr* catalogue measures among employees through different awareness and communication actions.

In this regard, 4,155 people have received awareness-raising training regarding work-life balance in Aqualia through an online course designed to promote knowledge and use of Be Aqualia measures.

The 2020 Employee Voice Survey was launched in September, with the aim of finding out employees' opinions on Aqualia balances work and family life. This survey is a prerequisite for the renewal of the *efr*, or family-responsible company, certificate. It was sent to a representative sample of the organisation taking into account all positions and all personal/family situations as well as different age ranges.

The **How have you felt about the performance of your team working from home?** Survey was also sent out in order to analyse the impact and results of teleworking experienced during the last months of the pandemic and from the perspective of managers.

The survey was sent to 450 managers in the organisation who had/have teleworking teams and it had a participation rate of 57%. The main conclusion taken from this study was that performance was not affected.

8.3. Diversity and Equality

8.3.1 Diversity and Social Inclusion

Aqualia maintains its collaboration agreements with different associations and foundations and its adherence to the Diversity Charter.

Together with the Adecco Foundation, it continues to develop the Family Plan aimed at the children of employees with a certified disability equal to or greater than 33%. It also maintains the Collaboration Agreement with the Down Syndrome Foundation and with FSC Inserta de la Once.

In 2020, 1,398 employees took the **Diversity and Disability course**, developed by the Adecco Foundation, aimed at raising awareness among Aqualia employees in this area.

8.3.2 Equal opportunities

- **Mentoring / Training**

In 2020, the 4th Mentoring Programme to Boost Female Talent was launched with the aim of continuing to promote the presence, visibility and participation of women in the company's organisation, thereby facilitating the development of their professional careers. Seven mentees, three male mentors and four female mentors will participate in this edition. This programme will continue to progress throughout 2021.

- **Equality Badge**

Aqualia maintains its "Equality in the Company" Emblem. In December 2020, the 3rd Extension was granted for a period of 3 years. The Ministry of Health, Social Services and Equality awarded this badge in recognition of the company's commitment to diversity and equal opportunities for men and women.

- **Equality Plan**

In 2020 Aqualia has continued with the implementation of its second Equality Plan, in which both the company and the majority unions at state level reiterated their commitment to equal

opportunities between men and women. This plan was extended and will remain in force until the next one is signed.

In February, the Negotiating Committee for Aqualia's 3rd Equality Plan was set up, carrying out an assessment of the situation required to start negotiations.

Due to recent legislative developments, training on the new Equality legislation has been provided to all members of the Negotiating Committee. The aim of this course, given by an external consultancy firm, was to learn about the regulations in force in Spain regarding equality plans.

Currently, the appropriate adaptations are being made in accordance with the new legal requirements and the negotiation of the 3rd Plan will continue in 2021.

- **Campaigns: Women's Day, Gender Violence, etc.**
The Company continues to show its commitment against gender violence through implementation and participation in the different awareness and sensitivity campaigns organised in different municipalities and with the collaboration of Aqualia staff.
- **Management Development Program for Women**
In 2020, a new edition of the School of Industrial Organisation's (EOI) Management Development Program for Women with High Potential was held with the participation of 5 members of the Aqualia staff. Participation in this programme falls within the framework of the Equal Opportunities Policy for men and women promoted by the Company.
- **Senior Management Women Programme (Promotion)**
A female Aqualia executive participated in the 2020 edition of the Promotion Programme, delivered by ESADE and supported by the CEOE and the Ministry of Health, Social Affairs and Equality. The aim of this programme is to improve women's access to management positions, Management Committees and Boards of Directors of companies, and to therefore make further progress in creating shared leadership.

8.4 Leadership

The seventh edition of the Otto Walter Cycle was held in 2020, this time in a virtual classroom format. The programme is aimed at middle managers, with the aim of continuing with the transformation of Aqualia's leadership style and with the transition towards a more participative, talent catalyst management model that strengthens team cohesion and is supported by a common language shared by all.



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8.5 Development.

8.5.1. Personal and Professional Development

With a view to contributing to the well-being of its employees, Aqualia has maintained the measures set out in the **Be Aqualia Psycopack** initiative In 2020:

- **Psychomet:** Aqualia makes available to all employees this tool that enables them to check their level of mental and emotional well-being, helping employees to make early identification of any problem of a psychological order that they may be experiencing. Instructions for accessing this tool may be found on the individual card delivered with the Psycopack. All information is treated anonymously and confidentially.
- **Employee Aid Programme (PAE):** Psychological care service offered by expert psychologists who will help employees resolve any possible psychological and emotional distress that they are experiencing, both personally and professionally. The psychological care service is available 24 hours a day, 7 days a week, no appointment is necessary and its use is unlimited. Instructions for accessing this tool may be found on the individual card delivered with the Psycopack. All information is treated anonymously and confidentially.
- **Interpersonal Conflict Management Procedure:** this aims to be an effective tool for the management and resolution of conflicts arising in the workplace via mediation (voluntary process in which the parties to a conflict try to reach an agreement by themselves with the assistance of an impartial and neutral third party called a mediator). The present procedure complements the action protocol for bullying situations already adopted by Aqualia.
- **Training:** Training at Aqualia is linked to the Company's strategic objectives, to improving the performance of workers' duties and to ensuring their health and well-being. With this in mind, training is developed that is adapted to the requirements for each of the jobs within the Company.
Against the backdrop of the health crisis that marked 2020, Aqualia launched a **coronavirus training course** for all employees in April.

The training was divided into two modules: an online module for employees working from home and another for employees of Services who were required to go to work in person. The course was imparted via the Be Aqualia app.

The aim of this course is to provide the organisation with specific and updated information about the organisational, hygienic and technical measures implemented by the company, allowing us to create habits that ensure optimum professional performance in times of crisis. In total, 6,285 people took part in this course in 2020.



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- The Company has maintained its commitment to the training and professional development of workers in other areas. To this end, it had to adapt the resources and tools available to continue providing training in virtual classroom formats and using online platforms such as the FCC Campus.

With this in mind, in 2020 **460 courses were organised and 6,689 (5,178 men 1,511 women) employees received 68,880 hours of training, of which 59% was taught in an e-learning format.**

A total of 94% of male employees and 97% of female employees participated in the different training courses. There was 85% attendance at training courses (31,222 participants in 2020), highlighting the commitment and involvement of employees.

Thanks to the use of tools that have fostered virtual and online training, the number of employees who received training has increased by 44% and the number of participants on courses by 215% year on year.

It is worth noting that courses have been imparted on the Office 365 Tools needed as part of the digital transformation process. In total, 7,886 participants attended these courses.

Furthermore, in 2020 training continued to be imparted on the code of conduct and ethics.

- **Accreditation of Professional Skills:** Aqualia also continues to promote and develop accreditation processes for professional skills.
In 2020, we launched invitations to participate in the accreditation process, approved under the 2nd Agreement signed with the Catalan Department of Education.
Two invitations were launched, in Girona and Tarragona. Workers from Catalonia, Aragon, La Rioja and Navarra responded to these invitations.
In total, 55 workers took part, of which 81.82% achieved full certification and 18.18% achieved partial certification.

The following certificates were awarded:

- Assembly and Maintenance of Water Networks.
- Organisation and Control of assemblies and maintenance of water and sanitation networks and installations.
- Operation of Water Treatment Plants.
- Energy and Water

Furthermore, Aqualia is cooperating with the Valencian regional government to promote the accreditation processes in this region; and as a result, the first call for applications aimed at those responsible for water networks was launched, with 13 workers from Aqualia signing up. This initiative is due to end in the first quarter of 2021.

8.5.2. Selecting and Attracting Talent

Aqualia uses different methods and sources of recruitment to attract talent and ensure objectivity and equal opportunities in the recruitment and selection of diverse people in every way. To this end, applications are also screened based on equal opportunities, analysing the technical and other requirements of the position before proceeding to the interview phase, carried out under a competency selection model, assigning those deemed most relevant for the proper performance of the duties to each position. Likewise, the technical aspect of the positions is analysed in the form of technical tests and/or interviews performed by professionals in each area. This method makes it possible to make objective comparisons, ensure equality and avoid discrimination.

In 2020, Aqualia invested in different job portals and companies specialising in staff recruitment, including InfoJobs, E-Preselec and LinkedIn, in addition to The Key Talent for skills tests via the Cute tool. Consultancy firms specialising in head hunting with which the company has worked in previous years were evaluated, selecting, based on professional profiles and geographical areas, those with the greatest response capacity in terms of time and service quality, with the aim placing the selection processes that Aqualia decides to outsource in the hands of experts. **1,341 people have joined the company (1,709 in 2019) including national and international activity.**

SDG 8	Men	Women	Total
New recruitment Spain	414	77	491
New international recruitment	708	142	850

During 2020, work has been undertaken to **improve staff selection procedures both in Spain and abroad. The mandatory documents and forms have been amended to guarantee homogeneity and equality, and a new information registration platform, Share Point 365, created for all of Aqualia's selection processes to be registered.**

Two training sessions have been held with the staff involved in the selection processes of all areas, to improve the way they publish vacancies and shortlist candidates.

Regarding the recruitment of young talent, this year we have also worked on improving the **Professional Internship Procedure** with a view to hiring young people with potential and talent who are interested in working in the water industry through different channels.



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With this in mind, we have performed the following actions, which, although affected by the COVID 19 crisis, for the most part were able to go ahead successfully:

- **All agreements with universities with which Aqualia has collaborated for a number of years have been renewed as new validity periods required approval; also, others have been entered into with new schools, universities and Occupational Training centres in different communities (Francisco de Vitoria University, IES, Erasmus Project - Business Internships).**
- **For the second year, five students from the La Paloma Institute in Madrid for the 2019-2020 academic year studying the Higher Degree In Water Management and the Intermediate Degree in Water Treatment Networks and Stations as part of the Professional Development promoted by Canal de Isabel II participated in internships.**
- **Pilot agreement with an Occupational Training Centre in Gijón (Asturias), under which an Erasmus student from Slovakia will work for a month at the Oviedo Laboratory.**

In line with the FCC Group's recruitment policy, Aqualia is also committed to internal mobility as a source of recruitment, publishing all the positions required in the company on the Internal Mobility channel to which all workers have access.

Promotions in 2019-2020

FCC AQUALIA-	110
HIDROTEC-	10

A General Protocol for the Design, Implementation and Assessment of an *Anonymous Curriculum Vitae* Project for the selection of personnel, signed with the FCC Group, has been in place since 2017. The aim of this protocol is to establish a general framework for working with the State Secretariat for Social Services and Equality to promote the implementation of depersonalised recruitment processes with regard to the managerial group so as to avoid possible gender biases in staff selection processes and, where applicable, employee promotion.

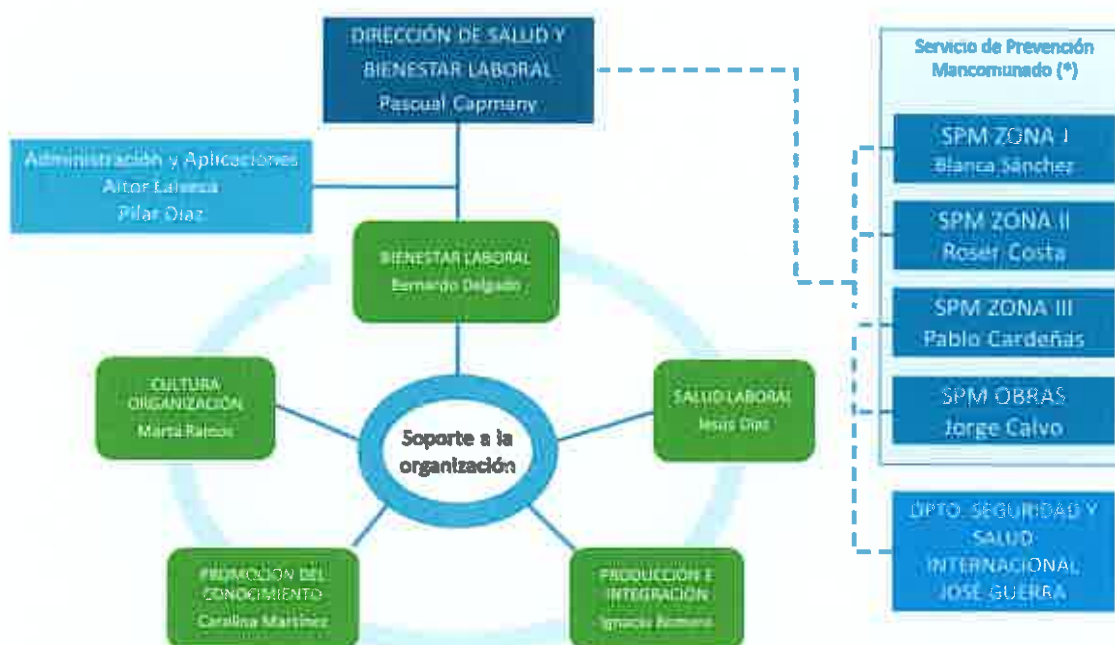
8.6. Safety Health and Well-Being

In line with the health and safety targets and guidelines and the permanent need for development and improvement, in 2020 the reorganisation of the Health and Welfare Department continued. The changes respond to the following targets:

- **Improve preventive management and specialised assistance at construction sites, including the strengthening of the Health and Welfare team.**

- Increase the integration of preventive activity through direct collaboration with the production areas of the Zones and the promotion of coordinated actions against critical risks (asbestos, ATEX, road safety, etc.).
- Promote organisational learning, thus improving the effectiveness of preventive activity through the digitisation of processes, media and technical development.

The current organisation chart for the department and its composition is as follows:



(*) Servicio de Prevención Mancomunado SPM: organización preventiva legal a nivel nacional

The roadmap continued to be defined by the Strategic Plan for the department for the 2019-21 period, initially hanging on **three axes of action, 9 programmes, that will contain a battery of 26 projects and 64 actions.** Throughout 2020, other lines of work have also emerged, which have been added to said Strategic Plan.

Each axis is focused on a main player such:

- **PRODUCTION:** improvement and integration of preventive activity.
- **HEALTH AND WELLNESS DEPARTMENT:** Improvement and modernisation.
- **MANAGEMENT:** Implementation of a Preventive Culture.

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However, we cannot ignore that 2020 was affected by the pandemic and the impact on the department's activity is described below.

The following are the most significant activities undertaken during the business year, ordered by chapter:

8.6.1. Actions related to the Integration of preventive activity on the production line. (AXIS 1 – Strategic Plan)



The relevant milestones achieved throughout 2020 under AXIS 1 of the Strategic Plan are:

- **Asbestos training programme pursuant to UNE 171370**
Study, proposal and negotiation with the competent authority of the establishment of the methodologies, procedures and scope, in addition to the necessary practices and contents, adjusted to the actual circumstances at Aqualia, for the training of workers in relation to the risk of exposure to asbestos fibres and for the approval of the Work Plans.
- **Change in the work system with the presence of fibre cement**

Based on the new requirements set out by the authorities, we have coordinated with the technical departments of the areas and the Works Department to put the manufacture of deamidation cabins out to tender (Aqualia's own design). Furthermore, work has started to study the different possibilities for reducing the number of workers who may come into contact with fibre cement.

- **Road safety: Implementation of geolocation and telemetry systems in vehicles**

Participation in the Negotiation Strategy - "Aqualia Industrial Vehicle Telemetry Services Framework Agreement" involving the establishment and individualised analysis of the needs and specific safety aspects in relation to Road Safety, with particular emphasis on prevention systems.

- **Employee Aid Program (PAE)**

After its launch in 2019, its implementation and use were subject to monitoring in 2020; we have reinforced its usefulness in light of the current COVID context and planned its relaunch and promotion, with a view to promoting its use and usefulness.

- **Health Surveillance Medical Protocols**

A new version of the Medical Protocols was launched, matching productive positions with positions that share occupational risks.

- **Improvement to Health Surveillance**

In this section, several factors are worth specific mention: the process of changing the third-party prevention service has been completed, switching from Quirón Prevention to Cualtis. As a result of this change, in addition to improvements in the HS management process, it has been possible to improve basic general analytics by making them more complete, in addition to performing a PSA test on men aged over 50 to screen for prostate cancer.

- **Pregnancy and breastfeeding management guide**

The list of positions that pose a risk in terms of pregnancy and breastfeeding has been updated, with a view to identifying those free from risk. A Management Guide has been prepared for these conditions to support the organisation.

- **International Health Surveillance**

In this regard, a specific action guide has been prepared for expatriate personnel and frequent travellers, including a dedicated position for health surveillance. At the same time, a study of the HS situation and management approach has begun; this shared and professional contingency in each country in which Aqualia operates seeks to diagnose the situation and promote the homogenisation of these issues throughout the corporation, always within the legislative and governmental remits of each country.

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- **Joint Prevention Service support staff**

Over the course of 2020, support staff has been recruited at several Aqualia local offices with a view to reinforcing ORP management in Spain, pursuant to the following criteria:

- Appointment of at least one member of support staff by Local Management.
- Holder of a qualification equal to or higher than Higher Technician in Occupational Risk Prevention (higher cycle equivalent to intermediate level training).
- At least 80% of their working day dedicated to ORP management.
- Hierarchically reports directly to production (Local Manager, Production Head or Manager), depending on their location.
- Functionally reports to the JPS Health and Welfare Officer assigned to the Local Office.

- **ATEX**

Involvement in the design and definition of the technical conditions for the Guijuelo and Almería gas service stations in collaboration with the Works Department and the Innovation and Technology Department.

- **Chemical pollutants in laboratories**

With a view to defining the possible risk of exposure to chemical pollutants as part of the work at Aqualia laboratories as much as possible, and thus being able to adjust both the medical protocols to be taken into account during medical examinations, as well as the analytics to be performed on all staff at the laboratory, a qualitative analysis has been performed on all the chemical products that are regularly handled by them. The project has not finished yet but a database is already being prepared that will help to ascertain both the degree of danger of each element and the preventive measures to take into account when handling them, in a way fast and intuitive.

- **Health promotion initiatives. Healthy Company Programme.**

Below is a summary of the initiatives undertaken in 2020, the roll-out of which was affected severely by the pandemic.

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Iniciativas saludables 2020 Aqualia

Iniciativa	Campo de acción saludable	Impacto
Carrera Nalanda por la PRL	Sedentarismo e inactividad física	54 dorsales
Reto alimentación consciente	Alimentación saludable	Departamento de Personas y Cultura
Patrocinio Club Atletismo Las Tablas	Sedentarismo e inactividad física	Costa e Internacional (6.000€)
Reto alimentación consciente	Alimentación saludable	Departamento de Innovación y Tecnología. Coste a I+D
Miso talleres nutrición	Alimentación saludable	Asociados a retos alimentación
Videos APP Be Aqualia	Sedentarismo e inactividad física	Videos estiramientos/calentamiento
Wellness ball laboratorios	Sedentarismo e inactividad física	8 pelotas, coste a cada laboratorio
Camisetas Be Aqualia	Sedentarismo e inactividad física	Camisetas Infantiles 2020
Botellas y fuente en el CAC	Alimentación saludable	Instalación de fuente con filtro y entrega botellas Beaqualia
Talleres dejar de fumar	Tabaquismo	28 trabajadores
Ruta saludable Beaqualia	Varios	4 Webinars con Saludando
Entrega fruta en centros de trabajo	Alimentación saludable	45 centros de trabajo (primer trimestre, hasta Covid)
Acuerdo fisioterapia	Problemas de salud y enfermedades prevalentes	Actuaciones

- **Health and Welfare Button on the Beaqualia app**

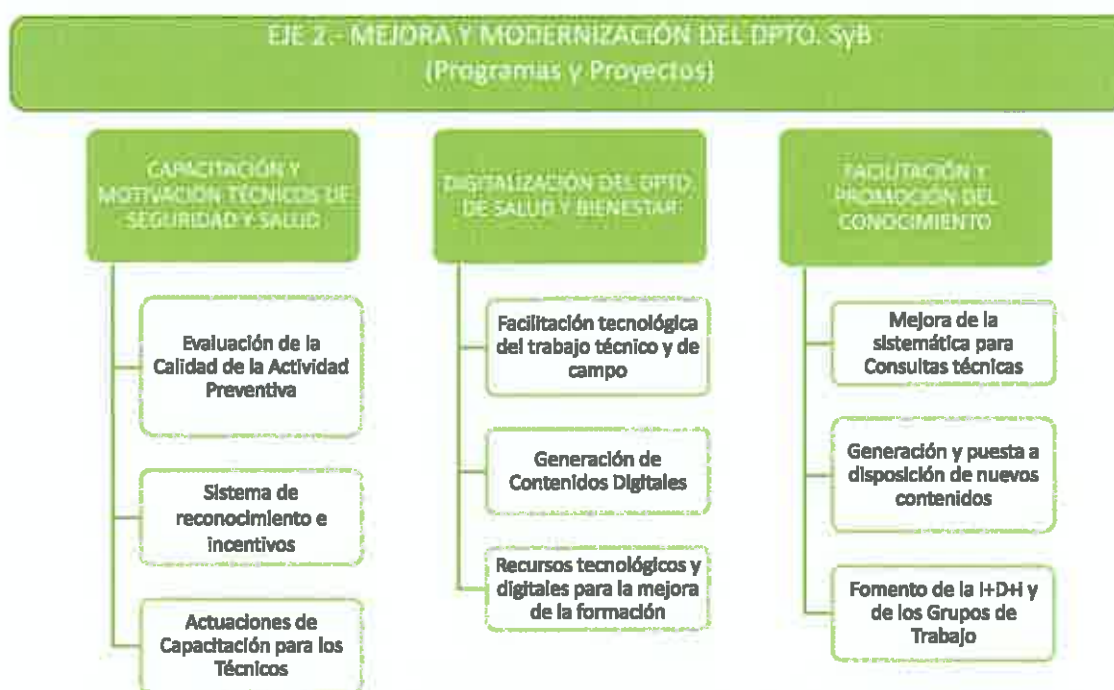
The Beaqualia app has been launched, with a section dedicated to Health and Welfare that will serve as a channel of communication in this field with all workers across the company. During 2020, the following options have been implemented:

- Instant communication system for incidents or dangers.
- Covid recommendations.
- Videos with warm-up exercises and stretching, depending on the position.

- **Psychosocial Risk Assessment**

Throughout 2020, the goal was to finish detailing the overall results of the psychosocial evaluation to define the measures at lower hierarchical levels, such as areas and local offices; although progress has been made, it was not possible to complete this undertaken on account of COVID.

8.6.2. Actions related to the Improvement and modernisation of the Health and Welfare Department. (AXIS 2 – Strategic Plan):



The relevant milestones achieved throughout 2020 under AXIS 2 of the Strategic Plan are:

- **Assessment of the quality of preventive activity**

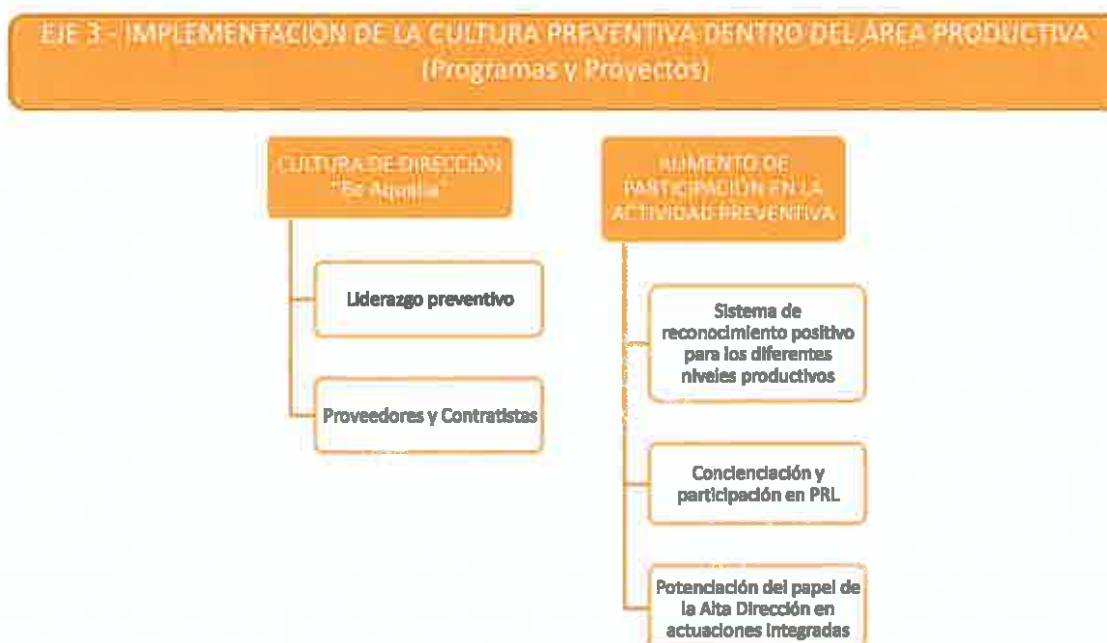
The preventive quality assessment project has been designed and launched, as well as the guide and the self-assessment mechanism for all the department's officers. Although this point has been stopped and postponed on account of COVID, it will be resumed once the situation returns to normal.

- **Training Actions for Technicians**

- **Establishment of an Induction training programme for new Technicians.** Practical face-to-face training for new technicians (before COVID) in a very practical manner and with the participation of production staff with a view to conveying the real needs of the services

- **Video tutorials for technicians.** Strictly technical training webinars have been held on a regular basis (intended for H&W Technicians) to perform an in-depth analysis of the specific aspects and characteristics of our activities.
- **Development of "Informative Modules" for our different stakeholders:** Another initiative launched involved the preparation and distribution, both periodically and whenever a specific need arises, of informative content of interest on H&W matters for each of the different target audiences: Technicians, Heads of Service and Employees.
- **"Improving documentation and generating H&W content" project**
In 2020, this project has been designed, approved and rolled out. It has been established as a necessary mechanism for launching the renewed information and awareness strategy in H&W (up-to-date, appealing and well structured); it also allows the use of all technological means to offer information in an accessible, clear and focused way to all stakeholders across the company in a plural and visual way in digital multi-device format (app, PC, Tablet, employee station, etc.).

8.6.3. Actions related to the Implementation of a Preventive Culture across the Organisation. (AXIS 3 – Strategic Plan):



The relevant milestones achieved throughout 2020 under AXIS 3 of the Strategic Plan are:

- **Senior management suppliers and contractors workshop**

In September, a workshop was held with the Management Committee to work on how to improve the health and safety performance of subcontractors.

As a result of the workshop, a series of decisions were made that can be summarised below:

- Participation of the Health and Welfare Area in the selection of new subcontractors for certain special activities during procurement processes.
- Subcontractors currently hired will also be assessed by the Health and Welfare area.
- All subcontractors, both in the selection phase and in the contracting and execution phase, must be registered on the Nalanda platform (or similar for International subcontracting) and must have fitness certificates issued on the platform itself.
- The control activities performed by Health and Welfare technicians will extend (inspections, training, talks, etc.) to the subcontractors of special activities.

- **Preventive Culture and Leadership**

The planned actions included under this item were clearly affected by the limitations placed on mobility and meetings (safety walks and safety talks). This fact has been subject to analysis and the design and implementation of the Action Plan (together with a Health and Welfare Communication Plan) to reinforce the image of Management in relation to preventive leadership and commitment has been established as an opportunity for improvement, when the situation so allows.

- **System for the recognition of performance in the area of prevention**

The 2019 surveys have been completed, with those corresponding to 2020 on hold due to the pandemic. The system is expected to resume in 2021. The contracts selected have been awarded a diploma.

8.6.4. Actions resulting from the Covid 19 crisis

In a schematic and simplified way, the list of the different actions carried out and resulting from the pandemic can be divided into:

- **Preparation and continuous revision of Technical Guidelines on:**
 - **Organisational measures:** Selection of recommendations and adequate and up-to-date containment measures throughout the crisis, to guarantee the protection of the workers' health against exposure to SARS-CoV-2 at Aqualia and with the involvement of various departments across the company.

- **Cleaning, disinfection and ventilation:** Technical documents with guidelines on cleaning, disinfection and ventilation of equipment and workplaces have been designed throughout the crisis.
- **Case management and monitoring:** Since the start of the pandemic, a monitoring chart of each COVID incident at the company has been kept, fed by the areas and supervised by our occupational doctor. To this end, an information circuit has been established including an editable Teams box. In addition, a document has been established to establish protocols for COVID actions entitled: Definitions and Guide for managing cases of COVID.
- **Establishment of contingency plans:** Since the start of the crisis, contingency plans have been prepared that have been updated in line with regulatory changes and the development of the pandemic. We continue to adjust our plans based on the needs of the organisation and the current situation, adapting them to the different activities performed by the company.
- **Training and Information Actions:** Development and implementation of:
 - Informative dossier
 - Posters
 - Remote working guide
 - COVID-19 do's and don'ts
 - Specific COVID training
 - Remote work training
- **Remote work measures:** Throughout these exceptional circumstances and in particular during the months of lockdown, a series of informative and in many cases interactive materials were generated with guidelines for helping with remote work during these periods:
 - Posture and ergonomic recommendations.
 - Promotion of physical activity at home.
 - Management emotions during lockdown.
 - Nutritional guidelines.
- **Acquisition and management of Covid protection equipment:** Review in collaboration with the procurement department of all the protection products and safety elements necessary to be able to work in the context of COVID. To this end, we have:
 - Checked the documents of more than 400 manufacturers and distributors, conducting specific tests, managing the approval of other technical references to cover market gaps with suppliers.
 - Been involved and collaborated in the procurement of screens, gels, etc.
 - Analysed the feasibility of countless possible technical solutions for screens, disinfection systems, thermometers, mats, etc.



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- Met with trade unions and public bodies to collaborate in the management of PPEs in general

8.6.5. Other Significant Actions

In addition to the activities mentioned above, and the lines of work under the Strategic Plan of the H&W Department, over the course of the year, other significant milestones have been achieved or set, including those set out below.

- **ISO 45000 certification**
Throughout 2020, the Health and Welfare management system has been subject to a complete review, to adapt it to ISO 45001:2018 and incorporate it into Aqualia's management systems.

Furthermore, after passing the corresponding AENOR external audit, we already been issued the Occupational Health and Safety Management System Certificate pursuant to ISO 45001:2018.

- **Approach to emotional health and welfare: Challenge: COVID-19**
Presentation and launch of a new line of work as a result of the social and health situation under the prism of the possible impact on the emotional welfare of people at Aqualia: Impact of COVID.



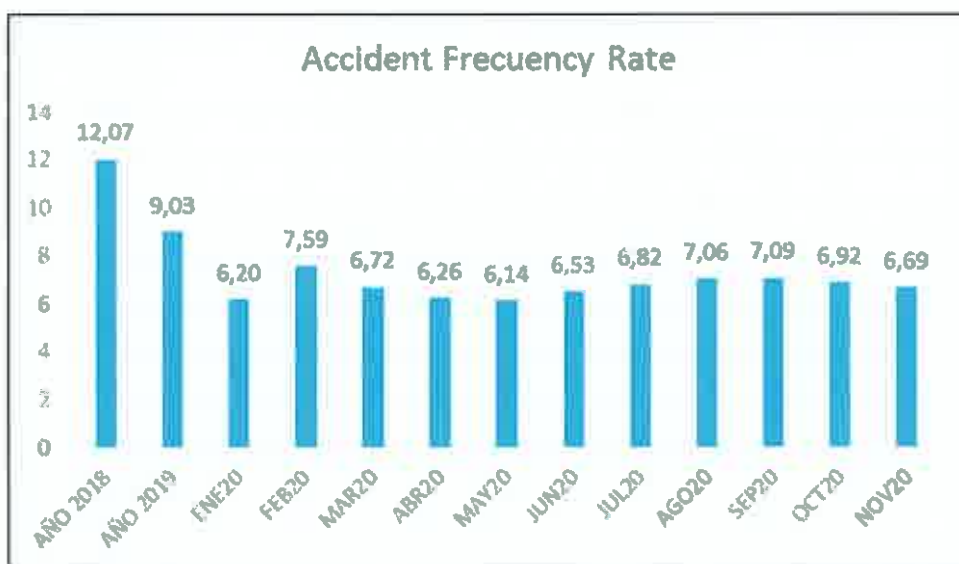
The aim is to try generate a true Culture of Emotional Welfare, based on the synergies required for the analysis and approach to these exceptional circumstances. By achieving these, the goal is to analyse and establish the necessary bases and mechanisms to employ the necessary approach to minimise the effects that these circumstances may be generating.



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8.6.6 Absenteeism

In relation to the accident rate, in 2020 (data as at November) it dropped year on year by just over 2 points in the frequency index (in relation to the number of accidents resulting in sick leave based on the number of hours worked); the figure currently stands at around 7.



The number of accidents causing personal injury, differentiated between those that caused leave from work (Lost Time Injuries) and accidents without leave from work (Minor Injuries) are shown below:





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During 2020, there were no serious accidents involving own staff. As for subcontracted staff, there were two serious accidents and regrettably one resulting in death.

8.6.6. Preventive Management

The results for preventive management (up to November) according to the balanced scorecard (Follow-Up and Assessment of Preventive Efforts) were as follows:

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SEGUIMIENTO Y EVALUACIÓN DEL ESFUERZO PREVENTIVO

Ud. de Gestión: todas
Desde Fecha: 01/01/2020

Delegación: todas
Hasta Fecha: 30/12/2020

Zona: todas

1 - Absentismo

Incidentes Investigados		
ACI	ASB	Resto
128	231	494

Medidas derivadas		
Prev	Real	% Cto
553	548	100

Días Perdidos: 3a13

Tr. Interno	29
Accid. Trafico	52
Sueros/Fueros	76
Cedias	192
Colpas	210
Otros	247

8 - Pasos de Seguridad y Vigilancia

Nº	Med	% Med/Nº	1	2	3	4
3a	3a	3a%	1	2	3a	12
Calidad:						
1	2	3				
26	49	38				
Tipo de Medidas:						
Vigilancia Salud	0	Cometidos	29			
Formación	3	Reuniones	0			
Inspecciones	4					

2 - Vigilancia de la Salud

Actuaciones		
Prev	Real	% Cto
215	187	86

Nº Trabajadores: 7640

Accid.	1.811
Limitaciones	44
No Accid.	0

9 - Conexiones de Seguridad y Vigilancia

Nº	Med	% Med/Nº	1	2	3	4
1.507	2a7	7%	83	487	924	0
Tipo de Conexión:						
1	2	3	4			
0	0	0	0			
Calidad:						
1	2	3				
2.238	284	3a6				
Tipo de efectos:						
Vigilancia Salud	5	Cometidos	82			
Formación	11	Reuniones	25			
Inspecciones	11					

3 - Formación

Actuaciones		
Prev	Real	% Cto
573	772	83

4 - Actuaciones Correctivas

Actuaciones		
Prev	Real	% Cto
11238	9244	82

5 - Reuniones de PNL

Reuniones		
Prev	Real	% Cto
2232	2900	86

Actuaciones		
Prev	Real	% Cto
0	0	100

Tipo de Medidas:

De Vig. Salud	11
De Formación	11
Correctivas	146
De Reuniones	29
De Inspección	60

10 - Aprendizaje sobre Conductas Inseguras (OBSERVACIONES)

Nº	Med	% Med/Nº	1	2
20	7	35%	5	6
Medidas:				
1	2	3		
0	5	0		
Tipo de Medidas:				
Vigilancia Salud	2	Cometidos	4	
Formación	0	Reuniones	1	
Inspecciones	5			

6 - Plan de Inspecciones

Actuaciones		
Prev	Real	% Cto
3361	2764	82

Medidas derivadas		
Prev	Real	% Cto
1124	1186	105

11 - Sesiones Formativas

Actuación		Nº	%
Reserva Especifica con Material referido		11	30

Legenda:

- Reserva Especifica - Datos
- Se han cumplido todos los requisitos
 - Se han cumplido algunos o algunos no se han cumplido
 - Se han cumplido algunos de los requisitos con fines
 - Se han cumplido algunos de los requisitos

Observaciones de Seguridad - Tipo de Conexión

- Aprendizaje de los accidentes
- Reuniones de trabajo de seguridad
- Reuniones periódicas de trabajo (prevención) con fines
- Observación sobre los accidentes

Medidas

- Formación
- Reuniones
- Inspección
- Acciones

Aprendizaje sobre Conductas Inseguras - Observaciones

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"> Se han cumplido todos los requisitos Se han cumplido algunos de los requisitos Se han cumplido algunos de los requisitos con fines Se han cumplido algunos de los requisitos | <ol style="list-style-type: none"> Se han cumplido todos los requisitos Se han cumplido algunos de los requisitos Se han cumplido algunos de los requisitos con fines Se han cumplido algunos de los requisitos |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

7 - Valoración Estado General	
Apartado	% Cto
Documentación	0,94
Seg. Planificac.	1,04
Estado Genl.	0,96
Instalaciones	

Medio	
2	



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In relation to the indicators, worth particular note is the strong performance of traditional preventive management indicators (from 1 to 6) and the expected negative impact that the pandemic has had on preventive culture indicators (from 8 to 11), which, on account of mobility and presence restrictions, would not be as expected.

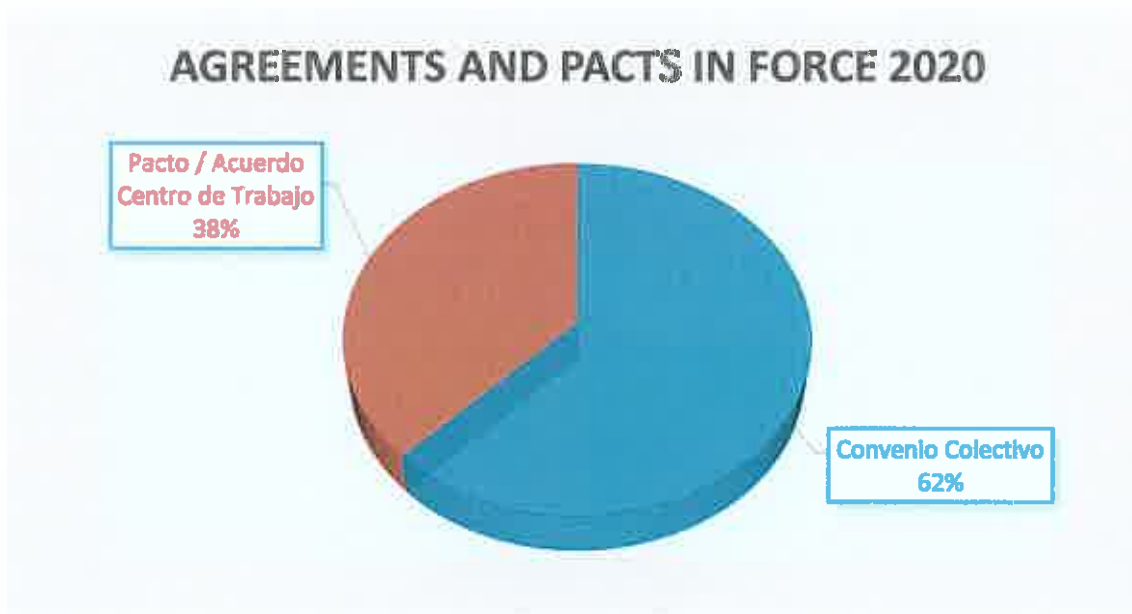
The effort made by the organisation to improve the reporting and follow-up of the indicators deserves special mention. Analysis and control has been reinforced at all hierarchical levels, increasing meetings and regular reports. In this regard work has been done on a monthly Management report of the Directorate that has cascaded down throughout the organisation.

8.7. Employment Quality: Collective bargaining, Labour Relations and Personnel Administration

In terms of collective bargaining, worth particular mention is the agreement reached in December 2020 between the signatories of the 6th State Water Agreement amending the expected increase for 2021 by 50% as a result of the impact of the pandemic on the economy and industry. This agreement reflects the stability and fluid collaboration between the most representative trade union organisations (UGT and CC.OO.) and the companies involved in the representation of the sector at the lever of employers (AGA) and trade unions, extending the duration of the 6th Agreement for another year; this extension ensures and demonstrates the stability of the sector in relation to trade unions and companies and further strengthens occupational relations between workers and companies in the sector, keeping the conflict at the work centres at which it applies to a minimum.

As in 2019, the consolidation and extension of the State Water Agreement was one of the most important successes concerning Labour Relations and maintained the adhesion of work centres to individual and collective agreements, obtaining as a result acceptance of the 6th State Water Agreement through 19 work centre agreements or collective agreements more in 2020

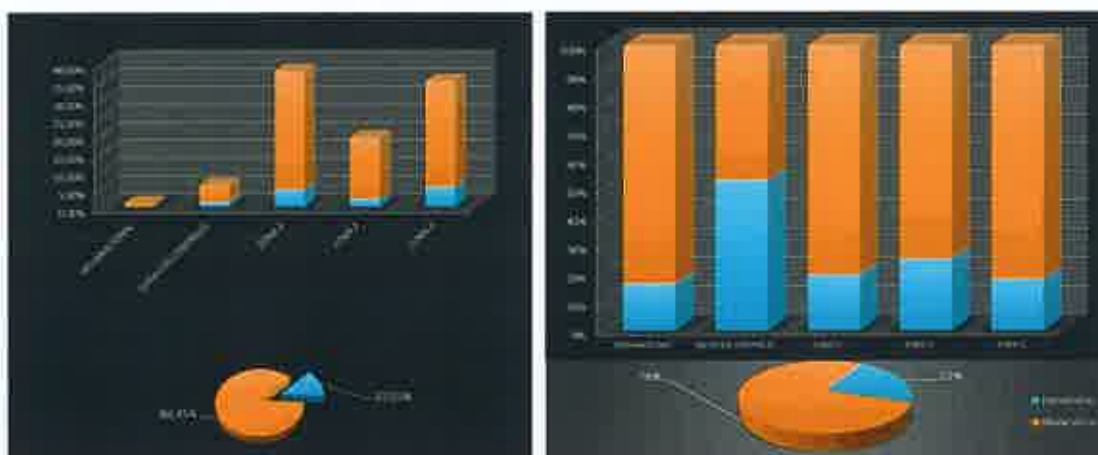
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Labour conflict has been residual, with no strikes declared in 2020, and a substantial reduction in court cases and employment inspections compared to the previous year and the total incident ratio standing at 0.92%.



Regarding quantitative data, in 2020 the employment stability policy was maintained, with 86.45% permanent contracts compared to 86.31% permanent contracts in 2019; in gender matters, the percentage of women employed increased compared to 2019, with the distribution of employees by gender standing at 78% men (79% in 2019) and 22% women (21% in 2019).



In relation to compliance with the regulations regarding staff with different capacities, the Aqualia group fully complies with these regulations, maintaining the required 2% of personnel with different skills in companies employing more than 50 workers and in the cases of FCC Aqualia S.A. and Aguas de Alcalá UTE, through the corresponding alternative measures as they have not reached the necessary 2%, obtaining approval of the alternative measures for FCC Aqualia S.A. for 2020-2023 in August 2020.

Finally, in 2020, as a result of COVID 19 and the restrictive measures initially implemented by the government and then by the autonomous regions and city councils, the Sports Facilities Management activities have been directly affected, with closures and a reduction of activities across all the Sports Centres.

This has meant that the company has had to apply different furlough schemes (known as ERTes in Spanish) across all facilities, affecting both the number of workers and the different measures of application (reduction of working hours and complete suspension of activity) depending on the restrictions indicated by the authorities.

Facilities affected: 21
 People affected 31 March: 409
 People affected at 31 December: 127



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9. COMMUNICATION, MARKETING AND CSR

9.1. Communication

9.1.1. Covid Communication

Public services are one of the foundations of the welfare state in modern societies. These include urban services (supply and sanitation of water, electricity, gas or waste collection), which are most identifiable to the public and necessary to maintain the level of quality of life and daily routine.

The health emergency generated by SARS-CoV-2 (Covid-19) in March represented a radical change in the habits of the entire population, with people's personal, professional and economic lives all affected. However, the high efficiency of services associated with the management of the urban water cycle have been unaffected, and offered under the same conditions as before the outbreak.

In light of the State of Alarm decreed by the Spanish government, Aqualia activated a Contingency Plan on 13 March, in coordination with the public administrations and health authorities. The aim was to limit and minimise the impact generated by the coronavirus crisis on the company's activities, guarantee the maintenance of services to the highest quality standards and protect employees.

From the moment that the contingency plans and the measures they contained were activated, the company launched a Communication Plan to relay all the information available at all times. Therefore, the measures were relayed to convey as much peace of mind and normality as possible to the different target audiences: work teams, citizens, public administrations and the media.

The communication of the measures adopted by the company involved the preparation of informative content, adapted to both general media and information agencies as well as regional and local media and the water management sector itself.

Aqualia's website played a leading role in relaying information, with banners designed both for Aqualia's local websites and on digital media with which the company has collaboration agreements.

Social media now represents an essential channel for the dissemination of information in real time. Aware of this, Aqualia used its Twitter, LinkedIn and YouTube profiles to disseminate information from the very onset of the crisis. In terms of WhatsApp, computer graphics adapted to the channel were designed for dissemination among very specific groups, including but not limited to the teams dedicated to certain services or journalists.



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9.1.2. Communication Plan

The sudden outbreak of the coronavirus crisis affected the activities provided for in the Communication Plan during March and April. To this end, a number of actions contemplated by the Communication Department before the pandemic had to be cancelled, such as the inauguration of the gas service station at the Lleida treatment plant, as well as the series of activities traditionally held every 22 March to commemorate World Water Day (open days, visits to facilities, technical conferences and a wide variety of festivities). The usual inserts were published in the media, with Aqualia information occupying 53 pages of informative content and advertising inserts occupying 64 pages in printed media including *El Mundo*, *El País*, *Expansión*, and the main newspapers of the towns where the company operates.

Against this backdrop, the most relevant initiative undertaken in 2020 was the corporate campaign *"Who is behind the water we use at home?"* The campaign was created with a view to showing the important work that, despite the COVID-19 crisis, Aqualia has performed so that no home is left without water and, once used, it continues returning to the natural environment in ideal condition. Furthermore, the initiative aimed to make the people aware of the importance of staying at home during the State of Alarm, promoting the use of remote channels among customers and informing people of the action plans implemented by the company to deal with the coronavirus and ensure water quality.

The campaign focused directly on the media in their dual role as reporters/prescribers and also considering that journalists are citizens who use the public services provided by Aqualia. The efforts carried out in this sense have led to different achievements, reflected in the more than 67,000 views of the [central campaign video](#) published on YouTube and nearly 15 million impressions in banners inserted in digital media.

From an associative point of view, one of the company's major milestones was its adhesion to and promotion of the Spanish StepbyWater alliance. This network of companies, institutions and social organisations combine forces to address the responsible management of water and contribute to the achievement of the goals and targets of the 2030 Agenda, especially SDG 6 (Clean water and sanitation) and SDG 17 (Partnerships to achieve the Goal).

Loyal to its commitment to the sustainable management of water services and to all initiatives that guarantee their future, Aqualia has joined this alliance to exclusively represent companies specialising in the management of the integral water cycle. The alliance also boasts more than twenty leading organisations in the field of sustainability, including but not limited to Coca Cola, Unilever, L'Oréal, Cosentino, Mahou-San Miguel or Capsa Food, with ambassadors including Olympic champion Carolina Marín and natural scientist, professional explorer and promoter of the Earth Nacho Dean. In this sense, the impact of StepbyWater has taken on a global dimension, with a potential network of more than 150,000 professionals and 850 million users and consumers across more than 190 countries.



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After months of work on the project, the alliance was presented in June in digital format and included speeches by Hugo Morán, Secretary of State for the Environment at MITECO, Fernando Miranda, General Secretary of Agriculture and Food, Carlos Daniel Casares, General Secretary of the Spanish Federation of Municipalities and Provinces, and Félix Parra, CEO and chief executive of Aqualia. Aqualia will chair the alliance during its first year.

Aqualia's performance regarding the strengthening of relations with the media, following the strategic lines of the PCOM, was reflected in different acts of collaboration with local, regional and national media. In this sense, the work carried out to explain the contingency measures implemented by the company in response to the health crisis are worth particular mention. Executives and heads of Aqualia local offices and services were interviewed by the media, who asked the company to expand upon the information provided. This can be seen, for example, in the interview offered by Santiago Lafuente to iAgua, the interview of the director of the Andalusia I Local Office by Canalcosta TV (Huelva), the interview of the head of the Bajo Andarax service by Candil Radio (Almería), or the interview of the Head of Linaqua Clients by Cadena SER (Jaén).

The gradual reopening of offices in the months of May and June was the subject of intense communication activity in local and regional media. In many locations, the messages were adapted to radio in the form of spots with information from commercial offices and online customer service channels to carry out procedures. The exceptional nature of the situation allowed messages to be adapted to less common formats, such as opinion columns in the daily press. This was the case of the ["Wash your hands thoroughly!"](#) platform published in each of the seventeen provincial newspapers in the Prensa Ibérica Editorial Group, signed off by the Aqualia Local Manager for each territory.

Another very significant event that took place in 2020 was the young talent festival, *Sondersland*, which virtually brought together thousands of young people from around the world to discover the latest trends that will mark their professional careers, at a decisive moment for a generation that has seen its future subject to even more uncertain due to the COVID-19 pandemic. Aqualia supported and participated in the event through the presentation *"Water, not magic"*, in which it underlined its commitment to service and the work of all water management professionals who, through their work, make the daily life of citizens much more comfortable.



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At an international level, the launch of the management of the integral water cycle in 13 Colombian towns and cities in the regions of Córdoba and Nuevo Santander has required the definition of an extensive *ad hoc* Communication Plan.

Also in Colombia, the construction of the El Salitre WWTP in Bogotá, led by Aqualia, has attracted the attention of the international media, which have demonstrated a particular interest in the tasks undertaken during the Covid-19 crisis. The plan developed at the El Salitre site to keep the project moving forward despite the pandemic sparked particular interest. This initiative attracted the attention of the Efe Agency in Colombia, which drew up an extensive report on the matter.

In 2020, the Company launched the fifth call for the Aqualia Journalism Award "Water management in towns and cities". This year, the Award went to the article "En el coche eco y sin olores que anda con la caca de Chiclana" ("In the environmentally-friendly, odourless car powered by muck from Chiclana") published by Paco Rego in El Mundo about the All-gas innovation project. Different works published in La Vanguardia, Diario de Ávila, Europa Press and El País also received recognition. An award ceremony was organised at the company's corporate headquarters in Madrid, with a small audience in attendance, to guarantee the health and safety measures established by the health authorities.

9.1.3. Digital Communication

The specific circumstances in 2020 have led to an increase in the consumption of online information. This trend peaked during lockdown, with 208 minutes of online activity recorded per person per day over the course of these weeks. (Source: "Estudio de tendencias en consumo digital en España" ["Study of digital consumption trends in Spain"] by IPMark).

Aware of this phenomenon, Aqualia's Communication and CSR Department has opted for a constant, useful and responsible communication strategy with citizens through its digital channels. On social media, the number of people following Aqualia accounts grew significantly during 2020. On Twitter (@aqualia), the company has experienced growth of 26%, reaching 6,100 followers. This growth trend is much more visible on LinkedIn, where there has been a 90% increase in followers over the past year, coming to 17,500 by the end of the year. Regarding the consumption of audiovisual content via the YouTube channel (<https://www.youtube.com/user/aqualiaGestion>), the number of Aqualia video views (close to 500,000) has grown by 49% over the past year.

In relation to the corporate website (www.aqualia.com), the page received a total of 2.6 million visits in 2020, mainly for matters relating to Customer Service management. The average duration of the connections exceeded 2 minutes.

After months of collaborating with FCC's IT department, in November all Aqualia websites (corporate and local) were migrated to the latest version of Liferay 7.2 technology.

Furthermore, the website of joint venture Emalgesa (Aqualia and Algeciras City Council) has been adapted to the image of the local Aqualia websites after the portal was migrated to its own servers. The improvements were announced at a press conference, at which the Aqualia Contact app, in use for customers in Algeciras (Cádiz), was also promoted.

At an international level, three new websites have been launched: the Aqualia website in Colombia (<https://www.aqualia.com.co/>) and those of the French subsidiaries SEFO (<https://sefo-eau.com/>) and CEG (<https://ceg-eau.com/>).

The Colombia website has been created as a space accessible from all devices, allowing the 450,000 Colombian users served by Aqualia to undertake procedures relating to the water service online, thus reducing trips to the customer service office. The website, adapted to the country's terminology and idiosyncrasies, is updated with news of interest to users; provides details on improvement projects that the company performs for the improvement of services; and offers information on grid maintenance and repair notices or social and environmental activities. Furthermore, the website also has further information on other projects that Aqualia is undertaking in the country, such as the expansion of the Salitre WWTP in Bogotá.

In turn, the new websites in France are fully integrated into the parent company structure and reflect the added value that the experience of an international company like Aqualia has to offer in relation to its understanding of the field and know-how of local companies. Furthermore, the social commitment and values shared by Aqualia and its subsidiaries play a leading role. The new websites maintain all the functionalities of the old versions (including corporate content, virtual office and practical information) and feature the look and feel of Aqualia, helping visitors to associate them at first sight with their parent company.

9.1.4. Internal communication

The situation caused by the pandemic has raised internal communication to a status of utmost importance, given the need to convey all kinds of information to the entire Aqualia workforce through the different channels and formats available, both online and offline.

These messages include the one issued on 16 April 16 by Félix Parra, the company's CEO. In the [video](#), the chief executive officer expressed his gratitude to the company's employees for their excellent work and support for those who had contracted the virus. In the communication, Parra explained the measures implemented by Aqualia to preserve the health of workers and citizens alike, and guarantee the continuity of the service. The video, aimed solely at staff in Spanish and subtitled in five languages (English, Italian, French, Portuguese and Czech), received 3,600 views on the YouTube channel. It was also disseminated via email, WhatsApp and on the Be Aqualia app.



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One of the most significant milestones this year in terms of internal communication was the launch of the Be Aqualia app in March. This application for mobile devices is intended for all company employees, especially deskless employees who do not have a corporate email account and, therefore, until now received less information. Using the new app, employees can keep up to date with current affairs at Aqualia, participate in surveys, offer their opinion and join new campaigns and challenges organised by the company.

The Communication and CSR Department coordinated the launch of the app among the employees by creating a video-tutorial containing all the steps and information necessary to download the app and access its content <https://www.youtube.com/watch?v=PELI5NHjU9k>. The launch of Be Aqualia was supported by *ad hoc* information included in *Tu flash* (informative communication delivered monthly to offline workers with the paper payslip). Promotions and other initiatives have also been organised to encourage employees to download the app. At the end of 2020, the application had 6,593 active users.

Given the current importance of communication on social media and Aqualia's growing presence, during 2020 the company launched a new communication tool to enhance the visibility of the company's impact on the digital environment and the level of interaction between Aqualia and its stakeholders (administrations, citizens, the media and employees). "Aqualia en redes" ("Aqualia on social media") is a newsletter distributed every Monday and Thursday since 6 April with a selection of the main content published on social media (Twitter, LinkedIn, YouTube, Facebook and Instagram). This publication is sent via email to a distribution list made up of middle managers and executives.

Also during 2020, in coordination with the Regulatory Compliance team, the Communication team launched a series of informative modules in email format, under the title "Compliance Tips". The first of these was launched on 12 March with a video starring the CEO of Aqualia, Félix Parra: <https://www.youtube.com/watch?v=MzwJ1aeKths&>.

The department has coordinated the submission of projects for IFM scholarships. This initiative forms part of IFM Investors, an ethical fund and one Aqualia's shareholders. The aim is to support the growth of local communities through environmental and social collaborations between non-profit organisations and companies. Two of the scholarships awarded by the organisers have gone to projects submitted by Aqualia: the project submitted by NGO SEO Birdlife for the creation of habitats for migratory birds in the Medina del Campo treatment plant (Valladolid); and the initiative of Czech association Trianon to promote the employment of people with disabilities as part of its activities in Ostrava (Czech Republic). Each of the projects, to be carried out in collaboration with Aqualia through the Medina del Campo service and Czech subsidiary SmVaK, will receive support of more than €20,000.

Furthermore, in coordination with the Department of People and Culture, Aqualia participated in the study on "the communication of Corporate Social Responsibility (CSR) at the company via social media and its impact on the identification and welfare of employees" in October. The study, performed by the University of Warwick (United Kingdom), saw 250 workers from different areas and departments of Aqualia participate, responding to the survey and offering their views as part of the study.

To round off the year, with the Christmas holidays looming and given the difficulties overcome during the year, Aqualia CEO Félix Parra addressed employees in the form of a letter of thanks for their efforts. The Communications and CSR Department organised the design, production and distribution of the letter, distributed to all employees in seven different languages (Spanish, Portuguese, Italian, Czech, English, French and Arabic).

9.1.5. Recognitions

The company's activity has resulted in several accolades being received during 2020. For example, iAgua, the leading online publication in the water industry in Spain and LATAM awarded Aqualia the title of "Best Company of the Year (2019)". According to iAgua ranking data, the company outperformed competitors such as Acciona, Global Omnium and Gestagua. The 32,185 points received in this edition of the awards represent the best historical score achieved by any company or institution in the six editions held and reflect the informational efforts made by the company in the pursuit of transparent management.

Beyond Spain, British publication, Global Water Intelligence (GWI), a world leader in information on the water industry awarded the company its Global Water Awards. This year, the El Alamein desalination plant, led by Aqualia in Egypt, was chosen as one of the three most important desalination projects of the year.

At the end of 2020, the company was a winner at the thirteenth edition of the European Excellence Awards (EEA) for its communication campaign "¿Quién hay detrás del agua que usamos en casa?" ("Who is behind the water we use at home?"). The EEA jury, made up of communication managers from companies such as Pfizer, BMW, EDP or HSBC, recognised outstanding campaigns and projects in the field of public relations and corporate communications at a European level. Aqualia's initiative beat other interesting proposals from brands like Audi, Levi Strauss or Naturgy in the category of *Purpose Driven Communications, (Covid-19)*.

9.2. Marketing

The Communication Plan (PCOM) for 2020 was articulated around the "Water for Sustainable Development" decade for action, structured around the Sustainable Development Goals (SDGs). Getting citizens to perceive Aqualia as a company that adds value to their towns and cities was one of the goals established in the PCOM 2020 and that has marked the actions developed over the course of the year.

During lockdown, Aqualia activated a wide-reaching campaign to promote its educational platforms with a twofold objective: help parents to combine working from home with caring for their little ones and offer them the opportunity to learn about the value of water.

Aqualia's online educational channel aqualiaeduca.com was visited by 12,358 users. This figure shot up during lockdown, between March and April, when 141% more users registered compared to the same months last year. This increase is similar when looking at the number of sessions. In 2020, they increased by 112% compared to 2019, to 15,664. In terms of page views, they were up by 113% this year, to a total of 39,135. These details confirm the consolidation of the channel as an educational source of reference by teachers and families. In addition to Spain, the visits received in Latin American countries are worth particular mention, topped by Mexico and followed by Peru, Colombia and Argentina.

Once again, and with the aim of highlighting the daily work involved in bringing water from nature to the tap, Aqualia launched a new edition of its children's drawing contest around the www.aqualiyods6.com microsite. The contest, in its 18th edition in 2020, aimed to introduce children to the universe of the SDGs in a fun way. In addition to Spain, the contest is held in Portugal, Italy and the Czech Republic. Aqualia invites 3rd and 4th grade children from primary schools in the municipalities in which Aqualia operates to participate in the contest. To promote the contest, Aqualia produced the following video: <https://youtu.be/mofDjKPZv80>.

Furthermore, following the deadline of 31 July for submitting entries to the Children's Digital Contest organised by Aqualia, www.aqualiyods6.com participation in the contest continues to increase. More than 6,600 entries have been registered for the Contest, launched at the beginning of the year. More than half of the drawings were received in the months of March and April. The contest website obtained significant data such as 11,670 users, 22,149 sessions and 192,300 page views. The participants, mostly young people and children, dedicated 3,800 hours to digital training on the comprehensive water cycle.

These initiatives are a reflection of Aqualia's contribution to the education and support of academic institutions and public administrations to ensure quality education is within everybody's reach. SDG 4, "Quality education" is of particular importance in the achievement of the 2030 Agenda, and is one of the most effective tools for improving the quality of life of people and the environment.



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Aqualia also managed to involve the family members of employees in this training and informative action. So 177 children, grandchildren and nephews of Company workers took part in the 11th edition of the "Little Artists" internal drawing contest, an activity that took place entirely online. The website, pequeaqualiayods6.com, was visited by 2,020 users since its launch in March. This figure soared during lockdown, between April and May, with 27% more participants compared to last year. In addition to Spain, the participation of Latin American countries, including Colombia, Mexico and Chile, is worth particular note. In Spain, the towns and cities with the highest participation rates were Madrid, Seville, Lleida, Puerto de la Cruz and Dénia.

In 2020 different campaigns were conducted in different territories linked to commercial and awareness objectives that supported communications with the aim of citizens understanding and appraising the Company's activity. For example, Aqualia launched a campaign to promote tap water in Rota (Cádiz) that revolved around organising a contest for designing the campaign's logo/image. The campaign is an invitation for the responsible consumption of water. Furthermore, in Badajoz, Aqualia collaborated with the El Progreso Community Health Commission as part of a programme aimed at society in general, and children in particular, to encourage the consumption of tap water. The company provided schoolchildren with 300 reusable water bottles and Cristina Gómez, Aqualia's Quality Manager in Extremadura, imparted workshops at schools in the area explaining the quality controls to which tap water is subject and the benefits of its consumption.

Also to value tap water, since October we have worked with the Dénia (Alicante) city council in the "100% healthy" campaign.

Furthermore, this year the [#NoLoTires](#) campaign was adapted to offer practical advice for citizens to refrain from using toilets as a litter bin.

As part of Aqualia's commitment to offering a public service to its users, Vigo's 360º image campaign continued in 2020. Under the title "El agua de Vigo es de alta calidad" ("Vigo's water is high quality"), the campaign was run in print and digital media, radio, television and billboards.

At a corporate level, the start of the year saw the continuation of the [#Connectionsaqualia](#) corporate campaign launched in 2019 and run online at www.conexionesaqualia.com, including a selection of the company's impacts and connections and its contribution to the 17 United Nations Sustainable Development Goals (SDGs). Since the onset of the coronavirus, the campaign has remained in stand by to focus efforts on promoting other messages, along the same lines, adapted to the current circumstances.



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In 2020, work was also done to strengthen Aqualia's perception as a global company (global management with strong local commitment), an approachable Company that contributes local and international value, open to new cultures. The company was present at strategic events and forums of international importance with a view to solidifying its position as a sector benchmark for innovative solutions that meet the challenges of the future and respond to new public-private collaboration models. Since March, all these events have been held in a digital format in the form of webinars via different platforms (Teams, Zoom, etc.). This was the case of the participation of José Enrique Bofill, Aqualia's MENA Regional Manager, at a virtual meeting with Spain's Minister of Foreign Affairs and Minister of Industry, Commerce and Tourism; the *Corporate Water Leaders* panel, organised by Global Water; a webinar developed in collaboration with ALADYR, "A day at the Salitre WWTP", etc.

In Colombia, during October, the first Andesco Congress (Asociación Gremial de Servicios Públicos Domiciliarios de Colombia) was held in a 100% virtual format in light of the circumstances caused by the coronavirus. The conference was opened by Iván Duque, President of the Republic of Colombia, coinciding with the 25th anniversary of the Association and saw Aqualia collaborate as a joint sponsor.

Under the slogan "Spain, a world leader in the management and use of water", ICEX has presented a catalogue highlighting the leadership of Spanish companies in the industry worldwide. Aqualia, through the Mostaganem (Algeria) and Djerba (Tunisia) desalination plants, as well as the New Cairo (Egypt) and El Salitre (Colombia) treatment plants, is one of the leading companies involved in the document. The successful model of public-private collaboration in the projects in Algeria and Egypt, the well-proven contribution to social and economic growth (in Tunisia), or the size and significant environmental value in Colombia were the arguments used to position these projects in the catalogue. The catalogue can be consulted [here](#) in Spanish and [here](#) in English.

Also at an international level, during the last quarter of the year, final customer satisfaction surveys were carried out for French companies SEFO and CEG (Aqualia France).

Finally, it is worth noting the collaboration of the department with Innovation and Technology in the candidacies for the 2nd BASF awards for the Best Circular Economy practices in Spain for the Sabana and Advisor projects; or Advisor's candidacy for the 101 Best PorEClima business initiatives.

9.3. Corporate Social Responsibility (CSR)

Aqualia understands CSR as a transversal element in its business model. So economic profitability and competitiveness are integrated with our environment's social and environmental aspects that are so important for the future of our business and for contributing to sustainable development.

9.3.1. Sustainability Report

In 2020 a further step was taken in Aqualia in reporting on sustainability and in the challenge involve in following up, measuring and controlling all the Corporate Social Responsibility actions performed by the company. All these actions were implemented taking into account the 2018-2020 CSR Plan (PRSC) and the three strategic lines defined:

- Connecting with citizens.
- Smart services
- Exemplary performance
-

Aqualia intends to be accountable and develop actions globally regarding its commitments in matters of sustainability under an economic, social and environmental approach. The ten principles of the United Nations Global Compact were taken into account, as well as the Sustainable Development Goals that represent a feasible opportunity to exercise sustainable leadership. "53% of the major companies that report on CSR in Spain connect the SDGs to their corporate responsibility initiatives, according to a KPMG Study on Corporate Responsibility Reporting 2018".

Talking about SDG is synonymous with reliability and the long term. With regard to the SDGs, in 2020 we worked with all the Aqualia team's interested parties on the company's Value Chain to identify the areas of impact and in accordance with each of them, to identify the inputs, the results and Current and potential impacts achieved during the year, with the establishment of positive and negative, current and potential impacts.

These were established as SDG 6 (Clean water and sanitation), SDG 17 (Partnerships to achieve objectives) and SDG 12 (Responsible production and consumption).

In December 2019, the company decided to take a qualitative step forward and embark upon an ambitious project in relation to Strategic Materiality. This involved Aqualia undertaking a methodologically rigorous process of social intelligence and discourse analysis, reviewing its brand purpose, identifying the strategic lines of responsible business and determining the communication guidelines for each of the interest groups related to the company from the perspective of ethics and sustainability.

The Materiality Study identified the aspects that reflected the significant social, environmental and economic impacts of the organisation or those that can have a substantial influence on the assessments and decisions of interest groups.

This Materiality study set out with a double objective, firstly, to focus the content of Aqualia's Sustainability Report regarding the most significant issues, taking into account the features and specific nature of the company and the sector in which it operates, as well as the economic and social environment. And secondly, to prioritise the significant issues in the company's strategic plan and the position of the stakeholders.

Social contribution as the creator of sustainable value enables Aqualia to show the capacity for innovation, differentiation and the contribution of its companies to a better society for everyone.

The result of this work was the preparation of the current 2020 Strategic Materiality that has highlighted all the variables for the management of communication and social responsibility across the company. It has entailed actively listening to more than 18,000 people.

The research phase consisted of:

- An internal analysis to ascertain the perception of employees. The methodology used for the development of this phase included:
 - Analysis of the information and corporate context of the company.
 - Qualitative active listening through 5 in-depth interviews with managers + 1 Focus Group involving employees of Aqualia Spain together with 4 in-depth interviews with staff working outside of Spain.
 - Active listening through an online survey taken by 1,087 Aqualia Spain employees and 19 from the MENA region.
- An external analysis with a view to establishing the perception of Aqualia from the perspective of stakeholders and assessing material issues, SDGs and expectations of the company together. The methodology used for the development of this phase included:
 - Analysis of the information from 15 competitors and 7 in depth to analyse relevant aspects, market trends and communication strategies.
 - Active listening through 13 interviews with representatives of the following interest groups: public associations, users, suppliers, the media, NGOs and shareholders.
 - Active listening through an online survey completed by representatives of the following stakeholders: Public Associations (sample = 46), domestic end customers (16,167), non-domestic end customers (772), Suppliers (189), Media (33) and NGOs (2).



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In total, more than 18,000 interviews and surveys. The entire multi-stakeholder active listening process served as the basis for the development of the 2019 Aqualia Sustainability Report, presented in 2020, proposed as a response to the active listening carried out.

Under the title #Escucha, the document integrates Aqualia's response in the face of the climate emergency, water scarcity and inequalities in water access, the three fields of action that encompass the main concerns and expectations of all the audiences involved in its operational business, to which Aqualia responds through its commitment to the circularity of water and a collaborative perspective. It should be noted that the research ended when the social impact of COVID-19 could still only be envisaged; however, issues such as water quality, safety and health were already considered very relevant material issues at this time.

The same questions appear in the interview with Aqualia CEO, Félix Parra, which features at the start of the Report. "At Aqualia, we have long understood the interdependence between environmental balance and social welfare. If we apply our capacity for innovation and transformation to comprehensive water management, we will have a direct impact on people's lives," he says, going on to review the company's challenges in the face of the 20-30 Agenda.

Also, for the first time, in the preparation of the report Aqualia has employed the methodology proposed by the International Integrated Reporting Council (IIRC), a global coalition of regulators, investors, companies, standard-setters, accounting professionals and NGOs, whose objective is to help steer corporate *reporting* towards value creation: improving the information available to financial capital providers, promoting a sustainability approach, through the company's accountability based on financial, intellectual, human, natural, and social capital, and supporting integrated thinking for decision making that focuses on creating value in the short, medium and long term.

Through its 2019 Sustainability Report, Aqualia aspires to read the present to transform the future and lead the responsible and efficient management of water, "a challenge that requires public-private partnerships", says Aqualia's CEO.

With a view to going one step further in sustainability communication, Aqualia has prepared an interactive version of the executive summary this year, both in English and Spanish, available at aqualia.com. This is an easy-to-read and attractive document, adapted to ensure it can be checked at any time and so it can be inserted in web pages, intranets or shared through more informal channels, ensuring that the information reaches all stakeholders and beyond the usual scope. This new format will also make it possible to measure the interest aroused by the different topics covered in the Report via Google Analytics.



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In addition, audiovisual material has become one of the most sought after and consumed elements by users of different types of services. This has long ceased to be a distinguishing feature and become a necessity in the strategic communication plans of all companies. Audiovisual consumption has grown in recent years, especially during the COVID crisis. Following this trend, Aqualia is gradually adapting its content to this format. This is the case of the [2019 Sustainability Report](#), which, for the first time, also boasts a [video summary](#) with the most important social, economic and environmental events undertaken by the company during the past year.

These efforts have been recognised by the jury of the 2020 Digital Communication Awards (DCA), which has ranked Aqualia's 2019 Sustainability Report as the fourth best digital annual report in the world, in the CSR and Annual Reports category, ahead of leading international brands. Every year, the DCA receive hundreds of applications from the world's most prestigious companies and institutions. The awards were created in 2011 by the Quadriga University of Applied Sciences (Germany) with the aim of recognising the digital communication campaigns and initiatives of public entities, companies, agencies, associations and NGOs.

9.3.2 Connecting with citizens

Sustainability and awareness are two key factors for the company. Aqualia believes that the efficient management of natural resources, and especially of water, is essential. In 2020 the company developed campaigns both for the responsible consumption of drinking water and correct use of the sanitation network.

In March, in response to the state of alert in Spain triggered by the coronavirus crisis, Aqualia launched a campaign throughout the country inviting its customers to manage their procedures and enquiries through digital communication channels, thus avoiding travel. The campaign had a particular impact on adhesion to the free e-invoice service. This tool allows them to receive their water bill directly in their email inbox the same day it is issued, in addition to being able to consult it at any time. Aqualia produced this [promotional video](#) in which it explains the many benefits that the service offers citizens, especially during lockdown. The campaign was rolled out via messages on social media, a general press release adapted to the towns and cities where the company provides services, banners and advertising graphics. Furthermore, in April, a recruitment campaign was launched via SMS involving 850,000 customers. As a result of these actions, contracts using e-invoices from December 2019 to May 2020 increased by 31,229. By August, 449,231 customers had opted to receive this type of invoice. Of these, 97.4% are from Spain, and 2.6%, International: Italy, Portugal and the Czech Republic.

Throughout the summer and in collaboration with the municipalities, the company disseminated information and awareness messages via all the company's own channels: flyers, posters, banners, e-mailing, SMS messages, press releases, Twitter campaign. The campaign had a particular impact on Twitter and YouTube, where a series of short videos featuring small gestures has been shared to create social awareness regarding the importance of responsible water consumption at home.



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In 2020, Aqualia's positioning as an omnichannel company led to numerous actions being undertaken. For example, Aqualia continued with its plan to roll out new cash points to offer better customer service. Citizens can consult and pay their water bill quickly and easily, avoiding unnecessary waiting and queues. In Vélez-Málaga, a promotional video was produced explaining how the cash machine works and was disseminated to the city's residents on social media.

Finally, to commemorate the 5th anniversary of the SDGs (25 September), Aqualia issued a call to action to speed up commitments to the Sustainable Development Goals, with these challenges having assumed greater urgency as a result of the Covid-19 pandemic. With the dual objective of highlighting the importance of shared responsibility and spreading knowledge about the 2030 Agenda, the company launched the video entitled ["The SDGs as they've never been explained to you before"](#).

Each of the goals of SDG 6 (clean water and sanitation) has a positive impact on other SDGs, such as responsible production and consumption, access to health or the construction of sustainable cities and communities.

9.3.3. Smart services

Different studies have revealed the existence of genetic material (RNA) of the SARS-CoV-2 virus in wastewater, traced to biological fluids and faeces of people infected by the virus, whose early identification in wastewater can serve as a warning of recurrences of the COVID-19 disease in the population. In other words, to demonstrate the capacity of the WWTP as safe facilities and "sentinels" for the control of Public Health.

Aqualia, in collaboration with Centro Hispano-Luso de Investigaciones Agrarias (CIALE) and Centro de Investigación y Desarrollo Tecnológico del Agua (CIDTA), launched a study at the Salamanca WWTP where the best conditions for taking analysis samples were defined (points and times of sampling, conservation of samples, method calibration). This type of study was also extended to other cities such as Dénia and Novelda (Alicante), Morón de la Frontera (Seville) and Chipiona, where Aqualia will collaborate with city councils in the development of a wastewater microbiological surveillance plan as an epidemiological indicator for an early warning system for the early detection of SARS-CoV-2.

Closely linked to its daily activities, Aqualia implemented a number of awareness-raising initiatives on the responsible use of water and caring for the environment. On World Sanitation Day, Aqualia joined the call for the European Union to enshrine the human right to water and sanitation in EU legislation. The company was one of the organisations that signed an appeal on 21 October for the European Union to guarantee better access to sanitation for the 10 million Europeans who still lack a decent sanitation service. By signing up to this document, Aqualia has once again demonstrated its staunch commitment to achieving the human rights to water and sanitation and adhering to SDG 6, which requires public-private collaboration, research and investment to optimise available resources and ensure clean sanitation without leaving anyone behind.

In relation to the dissemination of the company's innovative actions, Aqualia has participated in the documentary *Brave Blue World*, which presents the All-gas project among the 12 solutions for overcoming water scarcity. *Brave Blue World* is an impressive documentary that, in a hopeful tone, aims to promote a positive change in the culture of water and sanitation worldwide. It was released yesterday on Netflix, meaning it has a potential audience of 193 million people worldwide. Recorded across five continents, *Brave Blue World* looks at how mankind is developing innovations and new technologies to rethink water management in the face of an uncertain scenario of water stress and the unequal distribution of drinking water.

With the ultimate goal of improving citizens' quality of life, Aqualia presented the LIFE Intext project in Talavera de la Reina, Toledo at the start of the year. Only 65% of the towns with between 2,000 and 10,000 inhabitants have adequate water treatment. The problem particularly affects Castilla-La Mancha, where 1,300 new adequate sanitation facilities are needed. This project addresses the problem of wastewater in small towns, with the development of new technologies and the improvement and optimisation of existing ones. As part of its presentation, a media event was held, attended by a number of regional, local and business figures from the autonomous community.

Other projects on which emphasis has been placed in 2020 include Life Phoenix, which will be developed in Almería to address the reuse of wastewater at a European level, in addition to the growing threat posed by emerging pollutants and microplastics in our waters. In Mérida, the R&D project "H2020 SABANA" was presented at the end of December in collaboration with the city council. The company will build one of the largest microalgae-based wastewater treatment plants in the world in the city of Mérida. The aim is to study the possibility of cultivating microalgae from nutrients contained in wastewater to obtain biomass and subsequently use this as a biofertiliser, biostimulant and/or biopesticide of high agronomic value. Furthermore, the Esquilón II Deposit in Puerto de la Cruz (Tenerife) hosted the presentation of an experimental pilot against nitrates in water, which seeks to resolve a historical problem in the city, which had been restricting the recommendation of consuming of tap water among pregnant women and babies aged under 6 months.

In relation to its commitment to offering citizens a smart service, worth particular mention was Aqualia's intervention at event "Water management in the future: sustainability, investment and CSR", organised by El Correo Vasco together with the Consorcio de Aguas Bilbao Bizkaia (CABB).

9.3.4. Exemplary performance

In May, the jury of the DIRCOM 2020 awards acknowledged [Aqualia's 2018 Corporate Social Responsibility Report, #Reallmpact](#), as one of the finalists of the third edition of the awards, in the "Sustainability Report" category. Aqualia has been the only brand in the water management sector to receive recognition at the "Ramón del Corral" awards granted by the association encompassing the communication directors of more than one thousand Spanish companies.

The principles for action that appear in the Code of Ethics are organised around three axes: honesty and respect; rigour and professionalism; loyalty and commitment, with regard to the CSR and strategic line of exemplary performance, Aqualia undertook numerous actions in 2020.

In this context, special mention should be made of the awareness campaigns organised to celebrate International Women's Day (8 March). In 2020, Aqualia signed up to the United Nations Generation Equality campaign, giving a voice to three company workers from different generations to analyse the progress and changes experienced around equal opportunities first-hand. These three testimonies can be consulted at www.aqualiaigualdad.com. The video produced by Aqualia to vindicate women's rights and an equal future, regardless of gender or age, without leaving anyone behind, was published on the same website: https://www.youtube.com/watch?v=asz_isZNAJ8&.

Furthermore, with a view to raising awareness and involving all citizens in the change towards real equality, Aqualia coordinated "Intergenerational Dialogues" in various towns and cities where it manages the integral water cycle. Santander, Lleida and Almería hosted different workshops to enhance the visibility of the different realities that women face in our society and promote the creation of more inclusive work systems, share experiences and discuss how to eliminate barriers and accelerate progress towards gender equality. Representatives of city councils, local authorities and institutions and women working at Aqualia participated in these intergenerational Dialogues, also available at www.aqualiaigualdad.com.

Specifically in Almería, Aqualia organised a working breakfast in the city in collaboration with the Diario de Almería, at which 6 women participated, including Carmen López, Head of the Aqualia Customer Management Area in the city. Their participation captured the reality of both yesteryear and today in terms of equality, as well as the road travelled and progress over the past 40 years. A summary of the main ideas debated at the breakfast was published on a double-page spread in the Diario de Almería, to coincide with 8 March.

Additionally, once again Aqualia collaborated with the Adecco Foundation in the preparation of the #EmpleoParaTodas report, entitled "Women at risk of exclusion 2020". The analysis places women in senior management at the heart of the new labour market, with women over 55 acquiring greater representation in all occupational indicators. For the first time in Spain, more than 1.5 million women over this age are in work. Through the spot entitled "[The Social Elevator](#)", the Adecco Foundation reflected on the reality of more than 4 million women in Spain who are at risk of exclusion.

The company has disseminated its commitment to real equality through a press release, internal communication tools and its digital channels.

To promote full and equal access and participation of women and girls in science, in 2015 the United Nations declared 11 February as the International Day of Women and Girls in Science. Coinciding with this occasion, Aqualia highlighted the figure of women in science by sharing the experience of one of its employees: Patricia Zamora, project manager in the Eco-efficiency area at the Innovation and Technology Department. In a video interview <https://youtu.be/z8RFndvSI5Y>, Patricia addresses the path that a girl must follow to become a woman in science, her points of references and pending challenges.

The International Day for the Elimination of Violence against Women was held this year against an unprecedented context marked by Covid-19. The pandemic has limited the organisation of commemorative events normally held at a local level and in which Aqualia traditionally collaborates with city councils. Despite the situation, certain actions are worth specific mention, such as the event held by Ávila city council, with a central ceremony on 25 November at which the manifesto rejecting this form of violence was read.

In any case, there was huge support for the #AqualiaContigo campaign proposed by the company. Different administrations, mayors and councillors formed part of a huge virtual chain that encouraged people to upload their photos on social media "with open arms." Also worth mention is the involvement of sports centres, where monitors, users and staff participated. In total, more than 1,000 people contributed to forming a chain measuring more than 2,000 metres.

In Services, hundreds of citizens and professionals from the sector supported the Aqualia initiative by sharing it on social media. The campaign went international. In Caltanissetta (Sicily, Italy), the Caltaqua team held a special awareness campaign aimed at citizens. This support, combined with the support of the Aqualia team, has ensured that the aqualiacontigo.com campaign was a success once again.

Furthermore, Aqualia has collaborated with the Adecco foundation in the preparation of the report it produces every year to commemorate the International Day for the Elimination of Violence against Women. The document, entitled "A job against violence", seeks to enhance the visibility of women who have suffered gender violence, leading to the completion of initiatives aimed at their inclusion in the workplace.



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With a view to raising awareness and involving all employees in contributing to improving the lives of people with disabilities, Aqualia organised Diversity Week. From 30 to 4 December, the company organised different activities: an interactive game, "Rosco de la Inclusión" #PorLaInclusiónJugamosTodos; the dissemination of the "Vulnerables" campaign video organised by the Adecco Foundation; and a virtual meeting with María Petit, a young woman with visual impairment.

In 2020 Aqualia and Caritas maintained their alliance against poverty and social exclusion. Beyond their commitment to responding to the social needs of the most vulnerable groups, the agreement with Caritas is another example of the importance of public-private sector collaboration and the company's efforts to be more in line with institutions for the benefit of people.

In 2020 we also launched a number of initiatives to guarantee access to the drinking water and sanitation service for those citizens who are unable to pay their water bills for economic or social exclusion reasons. To this end, services such as Cassà de la Selva (Girona) or Albal (Valencia) are examples of this initiative that Aqualia intends to transfer to practically all the locations in which it operates. The goal is to ensure that no citizen lacks a domestic water service for financial reasons and always in partnership with the service owner (local government) and relevant social services.

In the Talavera de la Reina (Toledo) service, Aqualia has joined forces with the Red Cross to support people at risk of exclusion due to energy poverty. To this end, the company participated in a project that included home economics workshops, payment of supplies, delivery of micro energy efficiency kits for the home, the purchase of electrical appliances or small renovations in homes.

10. REGULATORY COMPLIANCE

Regulatory compliance

The aims of the Regulatory Compliance Department for 2020 included the international expansion of the Crime Prevention Model, mainly to countries in which Aqualia has a presence with the participation of all or practically all of its shareholders. The COVID-19 pandemic has hindered its implementation to some degree, although progress has still been made.

Another important milestone in 2020 were the due diligence activities with third parties in the field of Compliance that help to establish the background and alignment with Aqualia's ethical principles and values of its business partners, how they can be unique partners, agents, suppliers, etc.

10.1 Compliance policies and procedures

During 2020, the Aqualia Board of Directors approved the Tender Policy that sets out the principles of action for tendering processes. Furthermore, the Board of Directors also approved the amendment of



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the Crime Prevention Manual, the Agent Policy, the FCC Group Compliance Committee Regulations, the Whistleblowing Channel Procedure and the Investigation and Response Procedure to include the disciplinary measures applicable to variable remuneration in the event of non-compliance with the Code of Ethics and Conduct, as well as current legislation or internal regulations. It also approved the Protocol for the prevention and eradication of harassment that was updated to establish the different types of harassment in the workplace, in addition to reinforcing the need to provide training to employees by the company, as well as the establishment of disciplinary measures in the event of committing harassment at the company.

Regarding procedures with implications for the Compliance Model, the following procedures were approved by the corresponding heads of area:

- Procedure for the management and control of sponsorships, donations and collaborations (Communication and CSR Department)
- Procedure for the payment of expenses, allowances and mileage (Economic Department)
- Cash management procedures for both national and international activity (Economic Department).
- Procedure for hiring external lawyers (Legal Advice Department)
- Procedure for due diligence with third parties regarding compliance (Regulatory Compliance Department).

Furthermore, the Tender Management Procedure has been updated to adapt it to the principles and values set out in the Code of Ethics and Conduct and the Tender Policy.

10.2 Training and awareness raising

As a core part of the development of the Crime Prevention Model, a training plan has been established that during 2020 consisted of different actions, including those organised before the onset of the pandemic, in person, and, later, online (via FCC Campus) or via digital platforms for training (Teams) imparted directly to key employees.

All new recruits who have joined Aqualia (in Spain), who had online access, have been invited to attend Code of Ethics and Conduct training that can be taken via FCC Campus.

The Regulatory Compliance Department also provided training on the Code of Ethics and Conduct to Aqualia México staff at the Querétaro offices and at the execution of the works in Querétaro.

For key employees at the company who are already directly involved in tender processes, training was held in which the principles set out in the Tender Policy were explained in detail, as well as the best way to put the provisions of the Tender management procedure into practice.



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For employees in Spain who may come into contact with public officials as part of their duties, training was imparted on the basic regulatory principles collected (Criminal Code and international standards: FCPA, UK Bribery Act, World Bank Integrity Guidelines) to combat corruption and bribery.

The new process and control owners have been provided with anti-corruption training, which explained the Crime Prevention Model adopted by the company.

Furthermore, explanatory training on the operation and implementation of the Due Diligence Procedure with third parties in relation to compliance was imparted for all employees who are part of production departments that may be related to business parties, since they must be aware of the measures to take to ascertain the alignment of third parties with Aqualia's ethical principles and values before establishing relationships with them.

As part of the awareness raising activities among employees regarding Compliance, Compliance Tips emails have been disseminated, containing the advice used as a basis for preparing the main Compliance policies, what a conflict of interest is or how to use the Ethics Channel, in addition to other topics.

The aim has also been to reach offline staff in Spain through a dissemination campaign at Aqualia work centres where a video was projected in which the company's commitment against corruption was emphasised as was a summary of the principles and values included in the Code of Ethics and Conduct.

10.3 Risk assessment and controls

Based on the risk assessment undertaken and the controls established to mitigate these risks, during 2020 two certifications were carried out in March/April and October/November on the implementation of controls by their control and process owners. As part of both of these certifications, all control owners have assessed the execution of their controls, compiling evidence that the activity has been carried out and, therefore, the corresponding risk is being mitigated. Furthermore, all process owners have verified the information provided by the owners of each control that make up the different processes.

Based on the information provided by the control and process owners as part of the certification, the Regulatory Compliance Department carried out an analysis that was sent to the corresponding process owners for them to work on the improvements detected.

At the same time as the certification process, the Regulatory Compliance Department monitored the evidence presented by the control owners (on a sample of controls for each certification period), analysing whether the risks are covered and highlighting the gaps detected that have also been reflected in meetings held with the process owners.



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10.4 Due diligence with third parties regarding Compliance

During 2020, due diligence activities have been launched by the Regulatory Compliance Department (due diligence) with third parties on Compliance matters, consisting of performing an analysis with a focus on the risk of Aqualia business parties (partners, agents, unique suppliers, etc.). Depending on the level of the initial risk identified using the basic information provided by the requesting department, subsequent actions are determined to better understand the third party, ranging from the completion of a survey by the third party to the request for a background check from the FCC Safety Department.

In 2020, due diligence was requested for 72 projects involving 180 business partners, as in some projects several partners or several unique suppliers are involved or several companies are analysed (as is the case of M&A projects). From the 180 business partners, 63% obtained a final assessment report in which their risk level was defined, 22% corresponded to projects that have been cancelled and, therefore, the due diligence has not been completed and 15% are still in the analysis phase (delays in the project, the third party has not sent the necessary documentation, they are being analysed, etc.)

10.5 Whistleblowing Channel

In 2020, a total of 34 alerts were received via the Whistleblowing Channel on matters related to customer management (26%), occupational disputes between employees (23%), breaches of internal regulations (9%), matters that may affect to public or environmental health (3%) and considered as irrelevant as they involves queries, complaints or claims from customers managed through AqualiaContact (38%).

This year, there was an increase in alerts in relation to customer management or considered irrelevant that should have been presented via AqualiaContact customer service. This increase may be due to the effects of the COVID-19 pandemic, since the inability of customers to visit offices has led them to seeking online communication channels for their complaints and/or claims.

10.6 Various

The Company is included in the consolidated Statement of Non-Financial Information that is part of the Consolidated Management Report of Fomento de Construcciones y Contratas S.A. and subsidiaries. This Statement of Non-Financial Information has been prepared pursuant to the requirements established in Law 11/2018, of December 28, amending the Commercial Code, the consolidated text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2, on Accounts Auditing, in relation to non-financial information and diversity. The consolidated Management Report of Fomento de Construcciones y Contratas, S.A. and Subsidiaries was filed in the Barcelona Mercantile Registry.



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11. OTHER DISCLOSURES

Regarding the Group's exposure to financial risks, this is detailed in the attached review in Note 23.

With regard to own equity operations, the Group has not purchased any of its own shares, nor does it intend to do so in the future.

Any events that may have occurred since 31 December 2020 are detailed in Note 24 of the attached review.



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The Financial Statements and Directors' Report of FCC Aqualia, S.A., corresponding to the business year ending 31 December 2020, were prepared by the Company's directors, on March 2021, and are identified as consisting of 97 double-sided sheets of stamp-impressed State paper corresponding to series ON numbers 9683501 to 9683597 both inclusive, being signed as proof of conformity, on stamp-impressed State paper corresponding to series ON number 9683598.

Chairman

Alejandro Aboumrad González

Vice-president

Mr. Nicolás Villén Jiménez

Voting member

Mr. Pablo Colio Abril

Voting member

Mr. Gerardo Kurl Kaufmann

Voting member

Mr. Lars Bespolka

Voting member

Mr. Scott Longhurst

Voting member

Mr. Juan Rodriguez Torres