

Award of the first phase of the renewal  
of detours of the AV Madrid-Seville line.  
Spain.

# 3Q2021 Earnings Report



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## 1. SIGNIFICANT EVENTS

### **FCC Inmobiliaria increases in size and strengthens its competitive position**

On 8 October, FCC Inmobiliaria, parent company of the real-estate area of FCC Group, reached an agreement with Control Empresarial de Capitales (CEC) to acquire 13.11% of the capital stock of Realia for an amount of 83.9 million euros, whereby FCC Inmobiliaria now holds a majority share (50.1%) and, as a result, has achieved its global consolidation within the FCC Group. In addition, it acquired the capital stock of Jezzine, an asset holding company 100% owned by Soimob (a subsidiary of CEC). As a result of this operation, control of FCC Inmobiliaria is maintained, holding 80.03% of the subsidiary's capital stock, the remaining 19.97% being held by Soimob.

These two operations have boosted FCC Inmobiliaria's rental assets, these being a large part of the assets incorporated. This operation has led to the creation of a solid and impressive parent company of the real-estate area of FCC Group, which can diversify its risks and geographical opportunities, by expanding its activities, rolling them out to new areas of operation in which it is not currently present.

### **FCC Environment expands its presence in Central Europe and the United States**

FCC Environment Austria was awarded with the municipal waste treatment and transport contract of the West Tyrol Waste Treatment Association, which will begin in January 2022, with a 5-year duration, extendable for another 5 years and with a backlog worth 33 million euros.

In the US, Wellington City Council (Florida) awarded the 10-year contract worth 110 million euros to FCC Environmental Services for the collection of municipal solid waste, with a possible extension of an additional five years. In June, the company also clinched the largest of the three lots for the residential and commercial solid waste collection contract in Hillsborough County, also in Florida, an eight-year contract (entailing a potential four-year extension) with a backlog of 230 million euros. Therefore, the total backlog for this market exceeds 1 billion euros, with over 8 million inhabitants served, turns the company into one of the 20 largest operators in the United States, after 5 years of organic growth.

### **FCC Aqualia improves its credit rating to "Investment Grade"**

In June, FCC Aqualia received recognition for the stability and strength of its water cycle management business. As a result, Fitch Ratings has improved the company's credit rating to "Investment Grade". This improvement was granted as recognition for the high operational quality and solid financial profile of the main areas of the FCC Group.

### **FCC Medio Ambiente strengthens its waste collection and treatment activities in Spain**

In August, FCC Medio Ambiente was awarded several lots of the street cleaning contract for the city of Madrid, for a combined amount of more than 400 million euros and a 6-year duration (still pending to be incorporated into the backlog), with a two-year extension.

The Valladolid City Council awarded a JV led by FCC Medio Ambiente with the contract for the design, development and operation of the household Waste Treatment and Disposal Centre of the region's capital, which will serve over half a million inhabitants. The contract backlog is worth over 110 million euros and the contract will be executed over an 11-year period. It is scheduled to go into operation at the end of next year. Likewise, in the recovery activity, it is worth highlighting the new contract awarded to FCC Ámbito for the selective collection and temporary storage of glass container waste for ECOVIDRIO in various Autonomous Communities. The contract backlog is worth 13.5 million euros and the contract has an eight-year duration, starting on February 2022. The company has been operating in this field of recycling for more than 25 years, reaffirming the commitment to build more sustainable societies and consolidating environmental values.

### **FCC Construcción wins the European PPP "Deal of the Year" award for the A465 project in Wales and strengthens its portfolio in Chile**

The A465 motorway expansion project in the United Kingdom received the "European Project of the Year" award. PFI recognised the magnitude and importance of the project to be undertaken as it is needed to improve mobility and connectivity in Wales and also to reactivate the local economy.

The project awarded in Chile involves building the Industrial Bridge in Concepción. The contract is worth over 125 million euros and will have a 32-month execution period.

## 2. EXECUTIVE SUMMARY

<b>KEY FIGURES</b>			
<i>(Millions of euros)</i>	<b>Sept. 21</b>	<b>Sept. 20</b>	<b>Chg. (%)</b>
Net turnover (NT)	4,864.1	4,448.1	9.4%
Gross Operating Profit (EBITDA)	814.7	761.5	7.0%
<i>EBITDA Margin</i>	<i>16.7%</i>	<i>17.1%</i>	<i>-0.4 p.p</i>
Net Operating Profit (EBIT)	496.3	393.4	26.2%
<i>EBIT Margin</i>	<i>10.2%</i>	<i>8.8%</i>	<i>1.4 p.p</i>
Income attributable to the parent company	384.9	174.5	120.6%

<i>(Millions of euros)</i>	<b>Sept. 21</b>	<b>Dec. 20</b>	<b>Chg. (%)</b>
Equity	3,361.3	2,908.7	15.6%
Net financial debt	2,417.0	2,797.8	-13.6%
Backlog	29,789.1	29,411.7	1.3%

- ◇ In the first nine months of 2021, the FCC Group increased its income to 4,864.1 million euros, 9.4% higher than the same period in 2020. Likewise, the good performance of many business activities improves on the income levels recorded in the same period prior to the pandemic (January - September 2019).

- ◇ Gross operating profit (EBITDA) was up 7%, to reach 814.7 million euros. This is explained by the combination of growing margins in most business areas, with a noteworthy increase in the Environment and Construction areas. It is worth mentioning that during January-September 2020 CO2 rights sales in the Cement area amounted to 40.6 million euros, significantly higher than 2021. Therefore, adjusted with this last effect, Ebitda increased by 11.4% this year.

- ◇ Attributable net income reached 384.9 million euros, more than twice as much as last year's figures. This increase is due to the good operating results and a positive performance of the exchange rate differences booked, totalling 12.3 million euros this year compared to a negative contribution of 43.6 million euros in 2020, as well as the results for the completion of the sale of several transport concessions and energy assets during the first and third quarters, respectively, both accounted for using the equity method.

- ◇ The Group's financial debt was 13.6% lower than at the end of 2020, mainly due to the completion of the aforementioned sale of concessions and assets and to the higher operating cash flows, which allowed the Group to draw less on available financing and eliminate factoring. As a result, the net financial debt balance amounted to 2.417 million euros at the end of September.

- ◇ Equity was also up 15.6% at the close of 2020, totalling 3.361.3 million, following a notable increase in net income.

- ◇ The FCC Group's backlog stood at 29,789.1 million euros at the end of September, up 1.3% on the balance at year-end 2020, highlighting the new contracts of the Environmental area.

### 3. SUMMARY BY BUSINESS AREA

(Millions of euros)

Area	Sept. 21	Sept. 20	Chg. (%)	% of 2021 total	% of 2020 total
<b>REVENUE BY BUSINESS AREA</b>					
Environment	2,397.4	2,125.9	12.8%	49.3%	47.8%
Water	870.5	882.4	-1.3%	17.9%	19.8%
Construction	1,209.7	1,113.2	8.7%	24.9%	25.0%
Cement	325.6	281.7	15.6%	6.7%	6.3%
Corporate serv. and others	60.9	44.9	35.6%	1.3%	1.0%
<b>Total</b>	<b>4,864.1</b>	<b>4,448.1</b>	<b>9.4%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>REVENUE BY GEOGRAPHICAL AREA</b>					
Spain	2,867.3	2,659.4	7.8%	58.9%	59.8%
United Kingdom	624.7	492.4	26.9%	12.8%	11.1%
Rest of Europe and other	589.3	566.9	4.0%	12.1%	12.7%
Middle East & Africa	248.0	355.4	-30.2%	5.1%	8.0%
Latin America and the US	276.1	162.0	70.4%	5.7%	3.6%
Czech Republic	258.7	212.0	22.0%	5.3%	4.8%
<b>Total</b>	<b>4,864.1</b>	<b>4,448.1</b>	<b>9.4%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>EBITDA*</b>					
Environment	386.2	319.9	20.7%	47.4%	42.0%
Water	217.1	208.5	4.1%	26.6%	27.4%
Construction	75.6	43.5	73.8%	9.3%	5.7%
Cement	65.1	97.6	-33.3%	8.0%	12.8%
Corporate serv. and others	70.7	92.0	-23.2%	8.7%	12.1%
<b>Total</b>	<b>814.7</b>	<b>761.5</b>	<b>7.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>OPERATING PROFIT/(LOSS)</b>					
Environment	210.2	137.9	52.4%	42.4%	35.1%
Water	130.1	123.9	5.0%	26.2%	31.5%
Construction	53.1	18.4	188.6%	10.7%	4.7%
Cement	42.7	72.7	-41.3%	8.6%	18.5%
Corporate serv. and others	60.2	40.5	48.6%	12.1%	10.3%
<b>Total</b>	<b>496.3</b>	<b>393.4</b>	<b>26.2%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>NET FINANCIAL DEBT*</b>					
Corporate					
With recourse	(319.5)	101.6	N/A	-13.2%	3.6%
Without recourse	4.7	14.7	-68.0%	0.2%	0.5%
Areas					
Environment	1,339.8	1,330.2	0.7%	55.4%	47.5%
Water	1,272.8	1,177.6	8.1%	52.7%	42.1%
Cement	119.1	173.7	-31.4%	4.9%	6.2%
<b>Total</b>	<b>2,417.0</b>	<b>2,797.8</b>	<b>-13.6%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>BACKLOG*</b>					
Environment	10,202.1	9,184.3	11.1%	34.2%	31.2%
Water	15,219.2	15,025.9	1.3%	51.1%	51.1%
Construction	4,283.0	5,155.8	-16.9%	14.4%	17.5%
Real Estate	84.8	45.7	85.5%	0.3%	0.2%
<b>Total</b>	<b>29,789.1</b>	<b>29,411.7</b>	<b>1.3%</b>	<b>100.0%</b>	<b>100.0%</b>

\* See page 22 for a definition of the calculation in accordance with ESMA regulations (2015/1415en)

#### 4. INCOME STATEMENT

<i>(Millions of euros)</i>	Sept. 21	Sept. 20	Chg. (%)
<b>Net turnover (NT)</b>	<b>4,864.1</b>	<b>4,448.1</b>	<b>9.4%</b>
<b>Gross Operating Profit (EBITDA)</b>	<b>814.7</b>	<b>761.5</b>	<b>7.0%</b>
<i>EBITDA Margin</i>	<i>16.7%</i>	<i>17.1%</i>	<i>-0.4 p.p</i>
Provision for amortisation of fixed and non-current assets	(335.2)	(377.6)	-11.2%
Other operating income	16.8	9.5	76.8%
<b>Net Operating Profit (EBIT)</b>	<b>496.3</b>	<b>393.4</b>	<b>26.2%</b>
<i>EBIT margin</i>	<i>10.2%</i>	<i>8.8%</i>	<i>1.4 p.p</i>
Financial income	(82.4)	(102.0)	-19.2%
Miscellaneous financial results	45.8	(45.5)	n/a
P/L of companies accounted for by the equity method	95.5	53.0	80.2%
<b>Profit/(loss) before tax from continuing activities</b>	<b>555.3</b>	<b>299.0</b>	<b>85.7%</b>
Company tax on profits	(101.3)	(68.3)	48.3%
<b>Income from continuing operations</b>	<b>454.0</b>	<b>230.7</b>	<b>96.8%</b>
<b>Net Income</b>	<b>454.0</b>	<b>230.7</b>	<b>96.8%</b>
Non-controlling interests	(69.1)	(56.2)	23.0%
<b>Income attributable to the parent company</b>	<b>384.9</b>	<b>174.5</b>	<b>120.6%</b>

#### 4.1 Net Revenue

Consolidated revenues grew to 4,864.1 million euros in the first nine months of the year, up 9.4% on the previous year. The performance takes into account the consolidation of the recovery of different activities throughout the year, in the face of the distortions and impacts generated by the health crisis over the same period of 2020.

By business area, Environment reported an increase of 12.8%, thanks to the general recovery of its different operating platforms, based on the combination of the start of new waste treatment and street cleaning contracts in Spain, waste collection contracts in the US, together with the increase in revenues in Central Europe and the United Kingdom, especially linked to the waste treatment and recovery activities.

Revenues in the Water area fell by 1.3%, due exclusively to the lower expected contribution throughout the business year in the Technology and Networks area, with a lower rate of execution in international projects. Moreover, the main concessions activity maintained a sustained increase; excluding the volume reduction in the Technology and Networks activity, the area's revenues grew by 3.5% during the period.

In the Construction area, revenues continue to grow up by 8.7% when compared to the same period of 2020, in line with the project development schedules and with a balanced increase in activity between Spain and other markets.

In the Cement area, revenues moderated their growth, still with a noteworthy increase of 15.6% until last September, mainly due to the stabilisation in the third quarter of the growth in sales volumes sold in the local markets of Spain and Tunisia during the first half of the year.

<b>Revenue breakdown by geographical area</b>			
<i>(Millions of euros)</i>	<b>Sept. 21</b>	<b>Sept. 20</b>	<b>Chg. (%)</b>
Spain	2,867.3	2,659.4	7.8%
United Kingdom	624.7	492.4	26.9%
Rest of Europe and other	589.3	566.9	4.0%
Middle East & Africa	248.0	355.4	-30.2%
Latin America and the US	276.1	162.0	70.4%
Czech Republic	258.7	212.0	22.0%
<b>Total</b>	<b>4,864.1</b>	<b>4,448.1</b>	<b>9.4%</b>

In terms of the geographical areas, *Spain's* contribution stood at 58.9% of revenues, totalling 2,867.3 million euros. With regards to the different areas of activity, the Environmental area's revenues rose by 7.7% due to the increase in all main activities of the waste management chain, especially collection and treatment. The Water area's revenues rose by 4.1%, due to a progressive recovery in the volumes invoiced in end-to-end cycle concessions and water network actions. The Construction area's revenues were up by 9%, with the development of projects in progress being somewhat higher than the expected execution rates planned for the period. The demand increased moderately in the Cement area when compared to the figures of the previous year, which concentrated in the first half of the year, with revenues up by 11.5% until September. On a final note, it is worth mentioning that the Concessions area (included under the heading of *Corporate Services and Other*, following completion of the sale of some of its most significant concessions at the end of March), reduces its contribution to the first quarter of 2021 only, which was compensated by the good performance of real-estate developments, also included in this heading.

Moreover, revenues in the *United Kingdom* were up by 26.9% to 624.7 million euros, largely due to the recovery of the municipal waste treatment plant activity and the start of several contracts of the Construction area.

Operations in the EU led to moderate growth rates, increasing by 4% during the period for the *Rest of Europe and other*, worth 589.3 million euros. This is largely due to the increased revenues associated with the Waste treatment activity in Central Europe, with a more moderate growth in the countries in which the Water area operates. Moreover, the activity levels dropped in the Construction area, since the contribution of contracts in progress in Belgium and Netherlands did not offset the completion and progress of other contracts (Ireland, Portugal and Romania).

Likewise, the progress achieved in the *Czech Republic* is quite relevant with regards to the operations within the EU, with a noteworthy increase of 22%, totalling 258.7 million euros, and a higher increase in activity in the Environment area and a more moderate increase in the Water area.

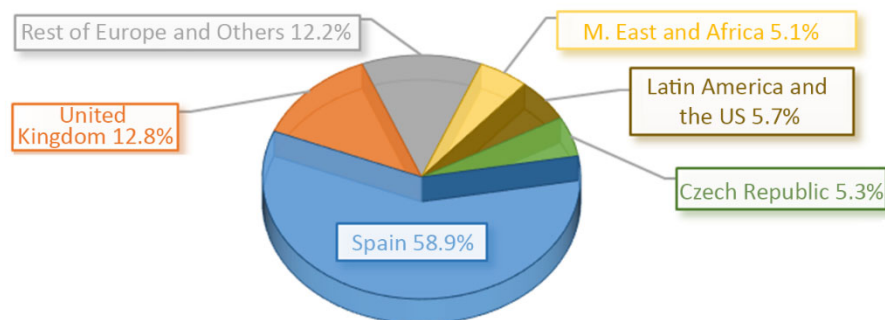
Revenues in *Latin America and the US* continue to contribute an additional 70.4%, up to 276.1 million euros, largely due to the execution progress of projects in Latin America in the Construction area, with higher levels of activity in Mexico and Chile. Colombia continues to increase the levels of activity in the execution of projects and concession activity in the Water area. In the United States, revenues are concentrated in the Environment area and increased significantly, following the start-up of a new contract in Nebraska and other contracts in Florida for municipal waste collection and green space services.

The *Middle East and Africa* revenues witnessed a -30.2% decline down to 248 million euros until September, mainly due to the lower contribution of contracts that have now been completed or are nearing completion at the Construction area, and to a lesser extent at Water, especially in Saudi Arabia and Egypt.

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### % revenue by geographical area

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#### 4.2 Gross Operating Profit (EBITDA)

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The Gross Operating Profit for the period was 814.7 million euros, an increase of 7% compared to the previous year. It should be noted that this amount represents a 16.7% margin over income, with a reduction compared to the 17.1% margin during the same period of 2020. This is solely due to two factors: (i) the sale of a high amount of CO2 rights in the cement area in 2020, with a lower contribution, totalling 32.8 million euros this year, and (ii) the deconsolidation due to the sale of certain transport concession assets in March 2021, resulting in a lower contribution, for an amount of an additional 37.6 million euros. With an exceptional and perimeter adjustment using these two items, the gross margin for the base period of comparison, 2020, is 15.6%, so we can observe a growth in operating profitability in the comparable perimeters of the different activities during the year.

By business area, the most noteworthy developments have been:

The Environment area reached 386.2 million euros, a 20.7% increase, which is higher than the revenues and distributed across all activities of the value chain. The operating margin was higher than that achieved during the previous business year, thanks to the impact of higher treatment/recycling activity volumes and the increase in prices associated in particular in the United Kingdom and Central Europe.

The Water area reported 217.1 million euros, up by 4.1% when compared to last year's figures, supported by an increased contribution from concessions and services in all the jurisdictions where it is present, and which offset the lower contribution made by the Technology and Networks segments internationally. Thus, the EBITDA margin outpaced its performance in the previous period to reach 24.9% in the first nine months of the year.

Moreover, the Construction area reported 75.6 million euros, up by 73.8% when compared to the same period of 2020, in line with the scheduled project backlog and with a substantial improvement in the recovery of the development pace with respect to the downtime of 2020 and concentrated in the first half of the last business year.

The Cement area reported 65.1 million euros, a substantial reduction when compared to the 97.6 million euros of the previous year, mainly due to the aforementioned effect of the drop in revenues from the sale of CO2 rights, together with a stabilisation of the increase in demand in local and foreign markets throughout the third quarter and the increase in energy prices during the same period. Therefore, after adjusting the effect of the sale of rights, the area's EBITDA remains stable during this period, when compared to the previous year's figures.

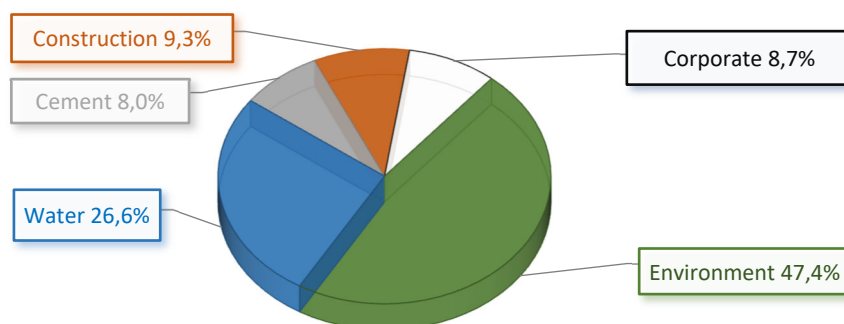
Note that the Corporate Services and Others heading includes Concessions activity, which was attached to the Cedinsa subgroup on a consolidated basis until 31 March. It also includes the revenues generated by the real-estate development activities via FCC Inmobiliaria, the greater contribution of which compensated for the lower contribution of Cedinsa. Therefore, the contribution of all activities grew up to 70.7 million euros, of which 33.7 million euros correspond to infrastructure concessions and 11.2 million euros to real-estate development activities.



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### % EBITDA by Business Area

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The various utilities areas, Environment and Water, continued to make a considerable contribution to operating profit to reach 74% for the period, compared to a 26% contribution from those areas exposed to demand for the construction of infrastructure, buildings and other activities.

#### 4.3 Net Operating Profit (EBIT)

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Net operating profit amounted to 496.3 million euros, 26.2% more than in the previous year. This increase is largely due to the performance of gross operating profit as mentioned previously, in addition to another two minor factors: (i) the lower depreciation charge for certain transport concession assets (Cedinsa Group) assigned to the operating segment, which, until their sale at the end of the first quarter, remained classified as held for sale, and (ii) a contribution of 9.6 million euros under the Other operating results heading, following the effective completion of this sale.

#### 4.4 Earnings before Taxes (EBT) from continuing operations

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Profit before tax for continued activities stood at 555.3 million euros, showing a significant increase on the 299 million euros reported during this period in 2020. This was due to the fact that the strong performance of operating activities was accompanied by the positive impact on other financial results, due to exchange rate differences, as well as due to the sale of certain investees attached to the Concessions segment and other activities.

Thus, the performance was as follows for the various components:

##### 4.4.1 *Financial income*

The financial income stands at -82.4 million euros compared to -102 million euros for the previous business year, reflecting a 19.2% contraction of the financial debt during the period and its lower associated cost.

##### 4.4.2 *Miscellaneous financial results*

This heading, which has no impact on cash flow, amounted to 45.8 million euros during the period, compared to -45.5 million euros last year. This is mainly due to the differential behaviour of the exchange rate of certain currencies, representing a positive impact of 12.3 million euros this year, compared to the negative impact of 43.6 million euros during the same period of 2020. A positive effect of 27.8 million euros is added to this, resulting from the sale of various concession and Construction area investees.

#### 4.4.3 Profit/(loss) of equity-accounted investees

The contribution of investees totalled 95.5 million euros, compared to 53 million euros in the previous year, as a result of: (i) the good performance of several investees in different business areas, (ii) the aforementioned result of 17.6 million euros after closing the sale of the Ceal 9 and Urbicsa transport concessions, agreed last year and (iii) the result of 45 million euros derived from the sale of most of the company's energy assets, which includes both, its result up until the moment of the sale, as well as its disposal result.

#### 4.5 Income attributable to the parent company

Attributable net income for the first nine months of the year was 384.9 million euros, a substantial improvement on the 174.5 million of the previous year. This performance is down to the increase in pre-tax profit described above. A corporation tax expense of 101.3 million euros was also recorded, in line with the pre-tax profit obtained, together with profit attributable to non-controlling interests of 69.1 million euros, compared to 56.2 million euros in the previous year, reflecting the increase in the period in the Group's consolidated profit attributable to those interests, mainly in the Water area.

#### 4.6 Profit and loss statement figures on a pro rata basis

The most significant figures in the income statement, calculated on the basis of the percentage of effective shareholding in each of the subsidiaries, joint ventures and associates, are as follows.

	Sept. 21	Sept. 20	Chg. (%)
<b>Net turnover (NT)</b>	<b>4,769.6</b>	<b>4,441.7</b>	<b>7.4%</b>
<b>Gross Operating Profit (EBITDA)</b>	<b>794.6</b>	<b>750.9</b>	<b>5.8%</b>
<i>EBITDA Margin</i>	<i>16.7%</i>	<i>16.9%</i>	<i>-0.2 p.p</i>
<b>Net Operating Profit (EBIT)</b>	<b>509.0</b>	<b>394.7</b>	<b>29.0%</b>
<i>EBIT margin</i>	<i>10.7%</i>	<i>8.9%</i>	<i>1.8 p.p</i>
<b>Income attributable to the parent company</b>	<b>384.9</b>	<b>174.5</b>	<b>120.6%</b>

## 5. BALANCE SHEET

<i>(Millions of euros)</i>	<b>Sept. 21</b>	<b>Dec. 20</b>	<b>Chg. (€M)</b>
Intangible fixed and non-current assets	2,482.7	2,437.9	44.8
Property, Plant and Equipment	2,814.8	2,810.2	4.6
Equity-accounted affiliates	749.3	722.8	26.5
Non-current financial assets	593.4	580.9	12.5
Deferred tax assets and other non-current assets	562.4	578.7	(16.3)
<b>Non-current assets</b>	<b>7,202.5</b>	<b>7,130.4</b>	<b>72.1</b>
Non-current assets held for sale	0.0	1,392.3	(1,392.3)
Inventory	762.5	765.6	(3.1)
Trade and other receivables	2,415.7	2,095.6	320.1
Other current financial assets	194.0	228.7	(34.7)
Cash and cash equivalents	1,133.8	1,222.1	(88.3)
<b>Current assets</b>	<b>4,505.9</b>	<b>5,704.2</b>	<b>(1,198.3)</b>
<b>TOTAL ASSETS</b>	<b>11,708.4</b>	<b>12,834.6</b>	<b>(1,126.2)</b>
Equity attributable to shareholders of the parent company	2,808.2	2,288.3	519.9
Non-controlling interests	553.1	620.4	(67.3)
<b>Equity</b>	<b>3,361.3</b>	<b>2,908.7</b>	<b>452.6</b>
Subsidies	189.3	193.0	(3.7)
Non-current provisions	1,118.5	1,064.4	54.1
Long-term financial debt	2,493.1	3,543.3	(1,050.2)
Other non-current financial liabilities	409.7	434.0	(24.3)
Deferred tax liabilities and other non-current liabilities	307.3	296.7	10.6
<b>Non-current liabilities</b>	<b>4,517.9</b>	<b>5,531.3</b>	<b>(1,013.4)</b>
Liabilities relating to non-current assets held for sale	0.0	1,051.3	(1,051.3)
Current provisions	191.0	195.2	(4.2)
Short-term financial debt	1,251.6	705.2	546.4
Other current financial liabilities	160.6	169.2	(8.6)
Trade and other payables	2,226.1	2,273.7	(47.6)
<b>Current liabilities</b>	<b>3,829.2</b>	<b>4,394.6</b>	<b>(565.4)</b>
<b>TOTAL LIABILITIES</b>	<b>11,708.4</b>	<b>12,834.6</b>	<b>(1,126.2)</b>

## 5.1 Investments accounted for using the equity method

The investments heading accounted for using the equity method amounted to 749.3 million euros at the end of September, with the following breakdown of the most significant investments in equity:

- 1) 291.6 million euros for the 36.9% stake in Realia.
- 2) 73.4 million euros for the stakes held in various transport infrastructure and equipment concessions.
- 3) 101.9 million euros for the stake in companies in the Environment area (recycling and municipal services, mainly in Spain and the United Kingdom).
- 4) 44.6 million euros for stakes held in companies in the Water area, largely concessionary companies that manage services abroad (North Africa and Spain).
- 5) 31.4 million euros from the subsidiaries of the parent company in the Cement area.

This heading also includes a further 206.2 million euros for the remaining investments in equity for other participations together with loans granted to subsidiaries.

## 5.2 Assets held for sale

This heading reduces its balance to zero, compared to 1,392.3 million euros at the end of 2020. This is explained by the sale of certain infrastructure concessions in Spain, after having materialised them at the close of the first quarter of the year and with regards to the sale of renewable energy assets during the third quarter of the year.

## 5.3 Cash and cash equivalents

The balance of the Cash and cash equivalents heading amounts to 1,133.8 million euros at the end of September, 88.3 million euros less than the figure at the end of last year, distributed as follows:

- 1) In the perimeter with recourse, cash and equivalents totalled 348.8 million euros.
- 2) In the perimeter without recourse, cash and equivalents amounted to 785 million euros.

## 5.4 Equity

Equity at the end of the period was 3,361.3 million euros, compared to 2,908.7 million euros at the end of 2020. This 15.6% increase was mainly due to the contribution of 454 million euros in net attributable profit in the period.

## 5.5 Financial debt

<i>(Millions of euros)</i>	<b>Sept. 21</b>	<b>Dec. 20</b>	<b>Chg. (€M)</b>
Bank borrowings	516.2	820.0	(303.8)
Debt instruments and other loans	3,050.8	3,230.3	(179.5)
Payables due to financial leases	41.8	50.2	(8.4)
Other financial liabilities	135.9	148.0	(12.1)
<b>Gross Financial Debt</b>	<b>3,744.8</b>	<b>4,248.5</b>	<b>(503.7)</b>
Treasury and other current financial assets	(1,327.8)	(1,450.7)	122.9
<b>Net Financial Debt</b>	<b>2,417.0</b>	<b>2,797.8</b>	<b>(380.8)</b>
<i>Net financial debt with recourse</i>	<i>(319.5)</i>	<i>101.6</i>	<i>(421.1)</i>
<i>Net financial debt without recourse</i>	<i>2,736.5</i>	<i>2,696.2</i>	<i>40.3</i>

Gross financial debt was down 11.8% during the period, totalling 503.7 million euros. Regarding its temporary structure, it should be noted that 33.4% has a short-term maturity, worth 1,251.6 million euros. Most of these correspond to bonds issued for 700 million euros by the parent company of the Water Area and another 211.8 million euros by its subsidiary in the Czech Republic, maturing in June and July 2022, respectively, which are expected to be refinanced in the coming months. Another 232.2 million of short-term debt correspond to marketable securities, largely commercial paper issued on the Irish Stock Exchange by the Group's parent company and that of the Environment area.

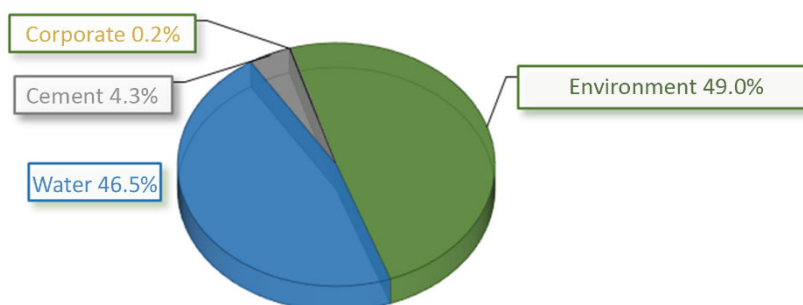
In addition, the balance of net financial indebtedness was down 13.6% in the period, totalling 2,417 million euros, thanks to the positive performance of the Group's cash-generating operations together with the effect of a further reduction of 107.3 million euros, mainly in non-recourse credit facilities at the Water area, resulting in its closure at the end the first half of the year for the consolidated Group as a whole.

Almost all of the net financial debt is without recourse and is mostly allocated to the Water Utilities and Environment areas (its Market debt is rated as "Investment Grade"). The Group's parent company, FCC SA, improved its financial strength and achieved a positive cash position of 319.5 million euros during the first nine months of the business year.

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**Breakdown of Net Financial Debt without recourse by Business Area**

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Net financial debt without recourse to the Group's parent company is structured as follows:

(i) The Water area accounts for 1,272.8 million euros, part of which relates to the financing of corporate bonds at the parent company, a further 199.8 million euros corresponds to the business in the Czech Republic, and the rest to various integral water cycle concessions; (ii) the Cement area accounts for 119.1 million euros; (iii) the Environment area accounts for 1,339.8 million euros, most of which corresponds to long-term bonds issued at the end of 2019 by the area's parent company, a further 163.9 million euros relates to the business in the United Kingdom, while the rest largely relates to project financing for three waste treatment and recycling plants in Spain; (iv) a remaining amount of 4.7 million euros at the concessions area, following the exit of 698.5 million euros in connection with the project-related debt of the Cedinsa concessionaire group.

## 5.6 Other current and non-current financial liabilities

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The epigraph of other current and non-current financial liabilities totals 570.3 million euros at the end of the period. The balance mainly includes the item suppliers of fixed and non-current assets for operating leases, amounting to 389.2 million euros. It also includes other liabilities that are not financial liabilities, such as those associated with hedging derivatives, suppliers of fixed and non-current assets, guarantees and deposits received.

## 6. ANALYSIS BY BUSINESS AREA

### 6.1. Environment

The Environment area contributed 47.4% of the Group's EBITDA in the first nine months of the year. 80.8% of its activity is focused on essential waste collection, treatment and disposal services, as well as street cleaning. The remaining 19.2% corresponds to other types of urban environmental activities, such as the conservation of green areas or sewage systems.

In Spain, it provides services in more than 3,500 municipalities and serves a population of more than 31 million inhabitants. It is worth mentioning the important weight of the urban waste management and street cleaning services. In the United Kingdom, it focuses on urban waste treatment, recovery and disposal activities and serves more than 22 million people. In Central Europe, mainly Austria and the Czech Republic, FCC is present across the entire waste management chain (collection, treatment and disposal). FCC's activities in the US include both the collection and end-to-end retrieval of municipal waste.

#### 6.1.1. Earnings

<i>(Millions of euros)</i>	<b>Sept. 21</b>	<b>Sept. 20</b>	<b>Chg. (%)</b>
Turnover	2,397.4	2,125.9	12.8%
<i>Waste collection and street cleaning</i>	1,150.7	1,055.2	9.1%
<i>Waste treatment</i>	787.4	641.2	22.8%
<i>Other services</i>	459.3	429.5	6.9%
EBITDA	386.2	319.9	20.7%
<i>EBITDA Margin</i>	16.1%	15.0%	1.1 p.p
EBIT	210.2	137.9	52.4%
<i>EBIT margin</i>	8.8%	6.5%	2.3 p.p

Revenues at the Environment area were up 12.8% to reach 2,397.4 million euros at the end of the period. The waste collection and street cleaning activity's revenues rose by 9.1% to 1,150.7 million euros, thanks to the new contracts, especially in Spain and the US, as well as the greater contribution in the activity of street cleaning and other similar services in Spain. Waste treatment activity was up 22.8% to 787.4 million euros, largely due to the recovery of the activities in the United Kingdom and the increase in activity in Central Europe, in addition to the good performance in Spain and Portugal.

<b>Breakdown of revenue by geographical area</b>			
<i>(Millions of euros)</i>	<b>Sept. 21</b>	<b>Sept. 20</b>	<b>Chg. (%)</b>
Spain	1,351.9	1,255.4	7.7%
United Kingdom	524.4	452.1	16.0%
Central Europe	413.4	347.4	19.0%
US and others	107.7	71.0	51.7%
<b>Total</b>	<b>2,397.4</b>	<b>2,125.9</b>	<b>12.8%</b>

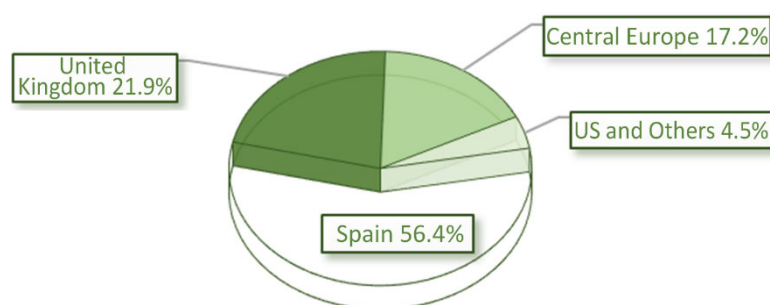
By geographical area, revenues in Spain were up 7.7% compared to the previous year to reach 1,351.9 million euros, due to an increased contribution from the Campello treatment plant, plus the contribution made by the new street cleaning and waste collection contracts. The higher levels of activity in cleaning and green areas after the partial impact generated by in certain periods last year.

Turnover was up by 16% to 524.4 million euros in the UK, mainly due to the recovery of the recycling and urban waste reduction activities.

In central Europe, revenues grew by 19% to 413.4 million euros due to the higher volume of activity in almost all countries in which the company operates, mainly the Czech Republic and Poland, as well as due to the general increase in the price of recycled by-products.

Last but not least, turnover in the United States and other markets was up 51.7% to 107.7 million euros, due to the contribution of the new contracts secured in Omaha, Nebraska and Volusia, Florida, as well as the increase in industrial recycling activity in Portugal.

#### Breakdown of Revenue by geographical area



Gross operating profit (EBITDA) was up by a noteworthy 20.7% to reach 386.2 million euros, due to the revenue performance described above and the increase in processed volumes and prices of the treatment and recovery activities, allowing the operating margin to recover by 1.1 p.p.

Net operating profit (EBIT) was up 52.4% on the same period of the previous year to 210.2 million euros, due to the performance of the various components of EBITDA mentioned previously.

#### Breakdown of backlog by geographical area

<i>(Millions of euros)</i>	<b>Sept. 21</b>	<b>Dec. 20</b>	<b>Chg. (%)</b>
Spain	5,502.6	4,872.2	12.9%
International	4,699.5	4,312.1	9.0%
<b>Total</b>	<b>10,202.1</b>	<b>9,184.3</b>	<b>11.1%</b>

At the end of September, the backlog for the area was up by 11.1% to 10,202.1 million euros. In Spain, it reached 5,502.6 million euros, highlighting the street waste collection and cleaning contract worth 880.6 million euros, and other smaller contracts. In the international realm, it increased by 9% to 4,699.5 million euros, highlighting the new contracts secured in the United Kingdom and the United States.

#### 6.1.2. Financial Debt

<i>(Millions of euros)</i>	<b>Sept. 21</b>	<b>Dec. 20</b>	<b>Chg. (€M)</b>
Net Financial Debt	1,339.8	1,330.2	9.6

There have been almost no variations in the financial debt since the start of the business year, which stood at 1,339.8 million euros. Most of the debt corresponds to the issuance of two green bonds worth 1,106.9 million euros. A further 163.9 million euros is in place to finance business in the United Kingdom, while the rest is linked to the financing of a project for three waste treatment and recycling plants in Spain.

## 6.2. End-to-End Water Management

The Water area contributed 26.6% of FCC Group's EBITDA in the period. 90.4% of its activity focuses on public service concession management related to the end-to-end water cycle (collection, treatment, storage and distribution) and the operation of different types of water infrastructures; the remaining 9.6% corresponds to Technology and Networks, which is responsible for the design, engineering and equipment of hydraulic infrastructures, related to a great extent to the development of new concessions and ancillary works for operations.

In Spain the area serves over 13 million inhabitants in more than 1,100 municipalities. In Central Europe, it serves 1.3 million users, mainly in the Czech Republic, while in the rest of the continent it is present in Italy, Portugal and France. In Latin America, the Middle East and Africa it is present through the design, equipping and operation of processing plants. Overall, the Water area provides supply and/or sanitation services to more than 29 million inhabitants.

### 6.2.1 Earnings

<i>(Millions of euros)</i>	<b>Sept. 21</b>	<b>Sept. 20</b>	<b>Chg. (%)</b>
Turnover	870.5	882.4	-1.3%
<i>Concessions and services</i>	786.9	757.4	3.9%
<i>Technology and networks</i>	83.6	125.0	-33.1%
EBITDA	217.1	208.5	4.1%
<i>EBITDA Margin</i>	24.9%	23.6%	1.3 p.p
EBIT	130.1	123.9	5.0%
<i>EBIT margin</i>	14.9%	14.0%	0.9 p.p

Revenues remained relatively stable when compared to September of the previous year, standing at 870.5 million euros. Revenues of the Concessions and services activity were up by 3.9% to 786.9 million euros, due to the higher volume of activity in Spain and abroad. Moreover, the activity of the Technology and Networks area dropped by 33.1%, due to the slower pace of performance on singular projects in the international realm, which was partially offset by the growth of this activity in Spain.

### Breakdown of revenue by geographical area

<i>(Millions of euros)</i>	<b>Sept. 21</b>	<b>Sept. 20</b>	<b>Chg. (%)</b>
Spain	607.1	583.2	4.1%
Middle East, Africa and Others	79.6	129.5	-38.5%
Central Europe	82.7	77.6	6.6%
Rest of Europe (France, Portugal and Italy)	60.3	55.5	8.6%
Latin America	40.8	36.6	11.5%
<b>Total</b>	<b>870.5</b>	<b>882.4</b>	<b>-1.3%</b>

By geographical areas, the revenues in Spain were 607.1 million euros, up by 4.1% when compared to the same period of the previous business year. The concessions activity saw a growth in the m3 billed, particularly in the non-household sector, while the Technology and Networks activity also increased due to the contracts associated with singular projects and work in concession contracts.

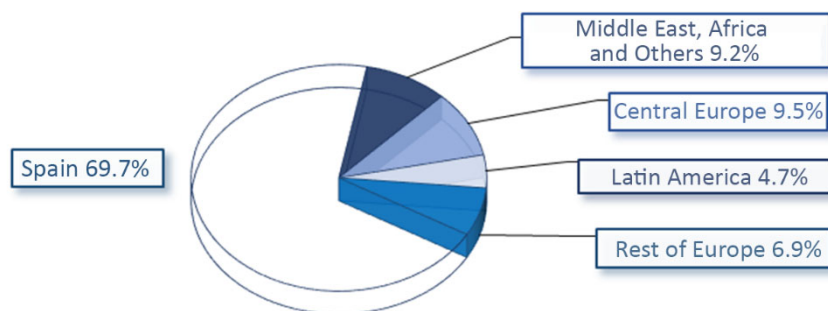
On the international front, the Middle East, Africa and Others was the main contributor to the decline in revenues at the division, falling 38.5% to 79.6 million euros, largely due to the slowdown in construction of a wastewater treatment plant in Egypt and to the completion of the project in Riyadh, Saudi Arabia.



Central Europe grew by 6.6%, totalling 82.7 million euros, due to the update in rates of the Czech Republic's end-to-end cycle business, which countered the drop in consumption persisting throughout most of the year due to the health crisis. In the Rest of Europe, revenues increased by 8.6% to 60.3 million euros, mainly due to the higher levels of activity in the infrastructures of the Aque di Caltanissetta concession in Italy, in addition to the increase in tariffs within its regulatory framework.

In Latin America, turnover rose 11.5% to 40.8 million euros, due to higher concession activity in Colombia and Mexico, which more than offset the lower activity levels after the completion of hydraulic infrastructures in both countries.

#### Breakdown of Revenue by geographical area



Gross operating profit (EBITDA) increased by 4.1% and totalled 217.1 million euros, due to the incorporation of new concession contracts, which helped to offset the above-mentioned decrease in volumes and activity in Technology and Networks, allowing the operating margin to grow up to 24.9%, as compared to 23.6% of the same period during the previous year.

Net operating profit (EBIT) was up by 5% when compared to last year's figures, totalling 130.1 million euros, due to the performance of gross operating profit, as discussed previously.

#### Breakdown of backlog by geographical area

<i>(Millions of euros)</i>	Sept. 21	Dec. 20	Chg. (%)
Spain	7,185.7	7,224.7	-0.5%
International	8,033.5	7,801.2	3.0%
<b>Total</b>	<b>15,219.2</b>	<b>15,025.9</b>	<b>1.3%</b>

At the end of September, the backlog was worth 15,219.2 million euros, 1.3% higher than the figure at the close of the previous year, with several contracts in the island of Tenerife, or the end-to-end management contracts in Salamanca and La Línea (Cádiz) as the highlights. In the international realm, it is worth mentioning the contract for the Comprehensive Improvement of Management Procedures in Los Cabos (Mexico).

#### 6.2.2. Financial Debt

<i>(Millions of euros)</i>	Sept. 21	Dec. 20	Chg. (€M)
Net Financial Debt	1,272.8	1,177.6	95.2

Net financial debt increased by 95.2 million euros, amounting to 1,272.8 million euros at the end of September. Most of the debt corresponds to bonds, with a gross balance of 1,568.4 million euros. The net debt of the period includes the effect of cash applications on the total return during the credit concession period, for a total amount of 107.3 million euros.

### 6.3. Construction

The Construction area accounted for 9.3% of the FCC Group's EBITDA at the close of the third quarter of the year. Its activity focuses on the design and construction of large civil, industrial and building works, with a selective presence in certain regions, currently around 20 countries. Special mention should go to participation in major works like railways, tunnels, bridges and football stadiums that constituted a major part of the activity.

<i>(Millions of euros)</i>	<b>Sept. 21</b>	<b>Sept. 20</b>	<b>Chg. (%)</b>
Turnover	1,209.7	1,113.2	8.7%
EBITDA	75.6	43.5	73.8%
<i>EBITDA Margin</i>	<i>6.2%</i>	<i>3.9%</i>	<i>2.3 p.p</i>
EBIT	53.1	18.4	188.6%
<i>EBIT margin</i>	<i>4.4%</i>	<i>1.7%</i>	<i>2.7 p.p</i>

Revenues in the area were up by 8.7% to 1,209.7 million euros, largely due to the steady pace of project performance in Spain Europe and Latin America, offsetting the lower activity levels in the Middle East.

<b>Breakdown of revenue by geographical area</b>			
<i>(Millions of euros)</i>	<b>Sept. 21</b>	<b>Sept. 20</b>	<b>Chg. (%)</b>
Spain	653.7	599.6	9.0%
Rest of Europe and other	284.6	257.6	10.5%
Latin America and the US	153.6	68.1	125.6%
Middle East and Africa	117.8	187.9	-37.3%
<b>Total</b>	<b>1,209.7</b>	<b>1,113.2</b>	<b>8.7%</b>

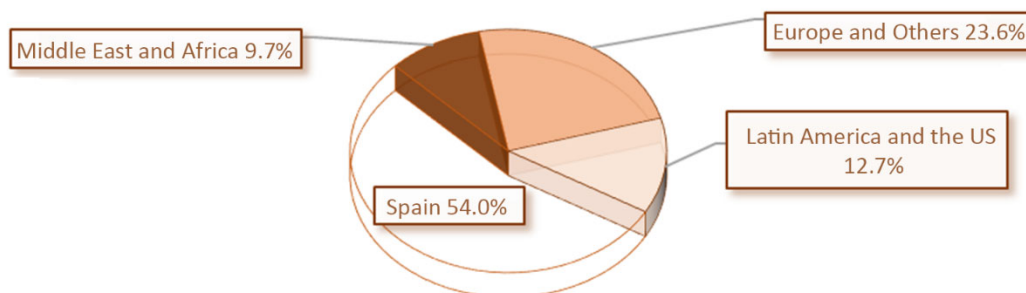
By geographical area, in Spain turnover climbed 9% to reach 653.7 million euros, due to the healthy pace and the increase in its contribution regarding the remodelling of the Santiago Bernabéu football stadium, as well as other smaller contracts recently awarded in the public sector.

Similarly, in the Rest of Europe and other markets, the turnover grew by 10.5% when compared to the same period of the previous year, reaching 284.6 million euros, also thanks to the bigger contribution of projects in progress, such as the Haren prison complex in Belgium and the A-9 in the Netherlands, as well as the start of execution of the A-465 motorway in Wales, which offset the lower contribution of other projects that are more advanced in Portugal or those completed in Ireland in 2020.

In Latin America and the United States, revenues grew significantly, up to 153.6 million euros, largely due to the increased contribution of the Maya Train in Mexico and the commencement of a road project in Chile.

The Middle East concentrates the drop in revenues, down to 117.8 million euros, mainly due to the lower activity reported in the construction of the Riyadh metro in Saudi Arabia as the project nears completion, higher than 95%, as in previous periods.

### Breakdown of revenue by geographical area



Gross operating profit increased to 75.6 million euros, compared to 43.5 million euros during the same period of the previous year. This represents a 73.8% increase and is based on the performance of revenues mentioned above, but mainly due to the fact that the degree of implementation of the measures established to face the pandemic and that required many projects to be stopped and delayed was greatly reduced over this period. Therefore, the operating margin of the period maintains its level, close to 6%, already observed in previous quarters of the year.

Net operating profit totalled 53.1 million euros, compared to 18.4 million euros for the previous year, thanks to the performance of gross operating earnings, as mentioned previously.

### Breakdown of backlog by geographical area

(Millions of euros)	Sept. 21	Dec. 20	Chg. (%)
Spain	1,480.3	1,628.4	-9.1%
International	2,802.7	3,527.4	-20.5%
<b>Total</b>	<b>4,283.0</b>	<b>5,155.8</b>	<b>-16.9%</b>

The area's backlog portfolio was worth 4,283 million euros at the end of September, with a reduction concentrating in the International area. This area sees the combined effect of contracts reaching their expiration date, such as the Riyadh metro along with the regularisation procedures on the backlog planned to be executed in certain countries and which have not been offset by new contracts during the past quarter, which are still pending to be awarded.

### Breakdown of the Backlog by Activity Segment

(Millions of euros)	Sept. 21	Dec. 20	Chg. (%)
Civil engineering works	3,459.2	4,121.5	-16.1%
Building	519.2	695.0	-25.3%
Industrial Projects	304.6	339.3	-10.2%
<b>Total</b>	<b>4,283.0</b>	<b>5,155.8</b>	<b>-16.9%</b>

Civil engineering works continue to be the dominating segment by type of activity, representing 80.7% of the total. A greater degree of progress has been achieved in the projects in all areas of activity, in particular, in Building.

## 6.4. Cement

The Cement area accounted for 8% of the FCC Group's EBITDA during the period. This activity was undertaken by the CPV Group, which focuses on manufacturing cement and by-products, with 7 main production centres in Spain and 1 in Tunisia, in addition to a minority stake of 45% in Giant Cement, which operates a number of factories on the east coast of the US.

### 6.4.1. Earnings

<i>(Millions of euros)</i>	<b>Sept. 21</b>	<b>Sept. 20</b>	<b>Chg. (%)</b>
Turnover	325.6	281.7	15.6%
<i>Cement</i>	294.6	253.9	16.0%
<i>Other</i>	31.0	27.8	11.5%
EBITDA	65.1	97.6	-33.3%
<i>EBITDA Margin</i>	20.0%	34.6%	-14.7 p.p
EBIT	42.7	72.7	-41.3%
<i>EBIT margin</i>	13.1%	25.8%	-12.7 p.p

The area's revenues were up by 15.6% to 325.6 million euros compared to September of last year, mainly due to a solid increase in billing volumes in the local markets of Spain and Tunisia, accompanied by an increase in exports from both markets.

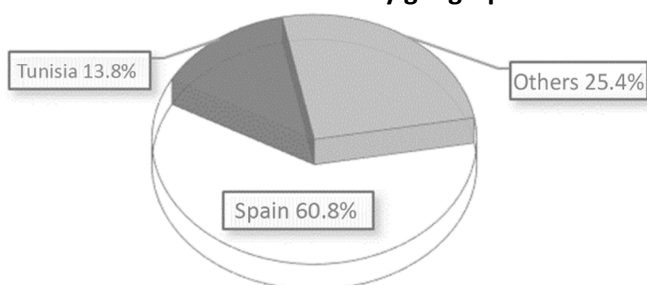
<b>Breakdown of revenue by geographical area</b>			
<i>(Millions of euros)</i>	<b>Sept. 21</b>	<b>Sept. 20</b>	<b>Chg. (%)</b>
Spain	198.1	177.6	11.5%
Tunisia	45.0	39.8	13.1%
Miscellaneous (exports)	82.5	64.3	28.3%
<b>Total</b>	<b>325.6</b>	<b>281.7</b>	<b>15.6%</b>

With regards to the geographical areas, the turnover in Spain was up by 11.5% to 198.1 million euros, due to the significant increase in volumes, which concentrated in the first half of the year, together with price stability, all derived from the drop in demand since last year, mostly of private origin.

In the local Tunisian market, revenues grew by 13.1% to 45 million euros, thanks to the sustained increase in volumes and prices, as in the Spanish market, concentrated during the first half of the year.

Moreover, export revenues increased by a noteworthy 28.3% to 82.5 million euros, following an increase in exports, mainly to the EU, from Spain, in particular, to the United Kingdom and France.

### Breakdown of revenue by geographical area



Moreover, EBITDA stood at 65.1 million euros, 33.3% down when compared to 97.6 million euros during the same period of the previous year. This is largely explained by the impact of the sale of a large volume of CO2 rights during the previous year, which amounted to 40.6 million euros, as compared to 7.8 million euros during this year. Therefore, after having standardised this differential element, the operating result without CO2 experienced a slight increase of 0.7% when compared to the same period of the previous year, which also reflects the effect of the rise in fuel prices since June.

Likewise, net operating profit stood at 42.7 million euros, due to the performance of gross operating profit as mentioned previously.

#### 6.4.2. Financial Debt

<i>(Millions of euros)</i>	<b>Sept. 21</b>	<b>Dec. 20</b>	<b>Chg. (€M)</b>
Net financial debt	119.1	173.7	(54.6)

Net financial debt, entirely without recourse to the Group's parent company, dropped to 54.6 million euros as compared to December of last year, reaching 119.1 million euros, as a result of the strengthening of free cash flows during the period.

## 7. SHARE INFORMATION

### 7.1. Stock market performance

	Jan. – Sept. 2021	Jan. – Sept. 2020
Closing price (€)	10.48	7.73*
<i>Change in the period</i>	24.5%	-22.3%
High (€)	11.40	11.56*
Low (€)	8.71	6.77*
Average daily trading (no. of shares)	79,704	87,415
Average daily trading (million euros)	0.8	0.8
Capitalisation at end of period (million euros)	4,456	3,326
No. of shares circulating at closure	425,173,636	409,106,618

\* 2021 Data adjusted for scrip dividend

### 7.2. Dividends

The Company's Board of Directors, at its meeting held on 29 June 2021, agreed to implement the agreement on the distribution of the scrip dividend adopted at FCC's General Shareholders' Meeting on 29 June 2021, in item 6 of the Agenda, in compliance with the terms and conditions agreed at the General Shareholders' Meeting. The holders of 98.18% of the free allocation rights opted to receive new shares, in recognition for their confidence in management and their capacity to execute the Group's value creation potential. Therefore, the paid-up capital increase was 16,067,018 shares; the total number of shares of the new capital stock was 425,173,636.

### 7.3. Treasury stock

On 28 July, the company reported that the Board of Directors, at its meeting held on 27 July, approved a Temporary stock buy-back programme, which will be closed on 30 September 2021. This programme is aimed at reducing FCC's share capital through the redemption of its own stock and it has the following characteristics: the maximum number of shares to be acquired under the Programme is 1.7 million and the maximum investment of the Programme was 20 million euros.

Subsequently, on 23 September, the Board of Directors agreed to extend the Temporary stock buy-back programme for an additional six-month period, which will end on 30 March 2022.

All in all, the treasury stock position at the end of last September amounted to 2,006,246 shares, equivalent to 0.47% of the capital stock.

### **Explanatory note**

#### EBITDA

We define EBITDA as earnings from continuing operations before tax, earnings of companies accounted for using the equity method, financial result, depreciation and amortisation charges, impairment, gains or losses on disposals of non-current assets, grants, net changes in provisions and other non-recurring revenues and expenses.

#### BACKLOG

The FCC Group uses the backlog as an additional accounting measure in certain areas of our businesses. We calculate the backlog for our Environmental Services, Water and Construction areas because these businesses are characterised by medium and long-term contracts. Because of its typically short-term purchase cycle, we do not calculate backlog for our Cement business area.

As at any given date, the backlog reflects pending production, that is, amounts under contracts or client orders, net of taxes on production, less any amounts under those contracts or orders that have already been recognised as revenue. We value pending production according to the expected number of units at current prices as at the date of calculation. The backlog includes only those amounts to which clients are bound by virtue of a signed contract or firm order.

In the Environmental Services area, we recognise the backlog for our waste management contracts only when the relevant contract grants us exclusivity in the geographical area where the plant, landfill or other facility is located.

In our Water business area, we calculate initial backlog on the basis of the same long-term volume estimates that serve as the basis for our contracts with clients and for the tariffs set in those contracts.

In our Construction business area, we recognise the backlog only when we have a signed contract with, or a firm order from, the end client.

Once we have included a contract in our backlog, the value of pending production under that contract remains in backlog until fulfilled or cancelled. However, we do adjust the values of orders in the backlog as needed to reflect any price or schedule changes that may be agreed with the client. For example, after the date of calculation, a price may increase or decrease as a result of changes in contractual production due to additional works to be performed. Due to a number of possible factors, we could fail to realise as revenue part or all of our calculated backlog with regard to a given contract or order. Our backlog is subject to adjustments and project cancellations and is, therefore, an uncertain indicator of future earnings.

Real Estate Backlog: Amount receivable in connection with home sales that were pending at the end of the period.

#### NET FINANCIAL DEBT

Net financial debt is defined as total gross financial debt (current and non-current) less current financial assets, cash and other cash equivalents.

## **8. DISCLAIMER**

The interim financial information contained in this document was obtained from the consolidated interim financial statements as at 30 September 2021, prepared in accordance with the International Financial Reporting Standards (IFRS) that had been adopted by the European Union at the end of the period, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

No liability whatsoever is assumed by the Company, its advisors or representatives, whether for negligence or otherwise, with respect to any loss or damage arising from any use whatsoever of this document or its contents.

This document does not constitute an offering or an invitation to acquire or subscribe shares in accordance with Act 24/1988, of 28 July, on the Securities Market, Royal Decree-Act 5/2005, of 11 March, and/or Royal Decree 1310/2005, of 4 November, and their implementing regulations. In addition, this document is neither an offer to buy nor a solicitation to purchase, sell or exchange shares, nor is it a request for any kind of vote or approval in any other jurisdiction.

Neither this document nor any part of it is contractually binding and may not be used or construed as constituting a contract or any other type of commitment.

## 9. CONTACT DETAILS

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### FINANCE AND ADMINISTRATION DIVISION

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#### CAPITAL MARKETS DEPARTMENT

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