

Audit Report on Consolidated Financial Statements  
issued by an Independent Auditor

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND  
SUBSIDIARIES

Consolidated Financial Statements and  
Consolidated Management Report  
for the year ended  
December 31, 2021



## **AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR**

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

To the shareholders of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

### **Audit report on the consolidated financial statements**

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#### **Opinion**

We have audited the consolidated financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2021, the consolidated income statement, the consolidated statement of recognised income and expense, the total statement of changes in the consolidated equity, the statement of consolidated cash flow, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2021 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

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#### **Basis for opinion**

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

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

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

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## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

### *Measurement of goodwill of Corporación Uniland*

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**Description** As explained in note 7 to the accompanying consolidated financial statements, "Goodwill" in the consolidated balance sheet as at 31 December 2021 included the goodwill arising from the Corporación Uniland cash-generating unit (CGU) in the Cement business, with a net carrying amount 225,881 thousand euros.

Group management tests goodwill for impairment at least at the end of each reporting period and recognises and impairment at the lower of recoverable amount, estimated on the basis of the present value of the expected future cash flows from the CGU to which it is allocated, and carrying amount.

The determination of recoverable amount requires Group management to make complex estimates using judgements to make the assumptions underlying those estimates.

Given the significance of the amount involved and the inherent complexity of the estimation process in determining the recoverable amount of goodwill, we determined this to be a key audit matter.

Disclosures on the measurement standards applied and key assumptions for determining the impairment of goodwill are provided in notes 3.b and 7.b to the consolidated financial statements.

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### Our response

In relation to this matter, our audit procedures included:

- ▶ Understanding the process designed by Group management to determine the recoverable amount of goodwill and assessing the design and implementation of the relevant controls in place in that process.
- ▶ Reviewing the model used by Group management to determine recoverable amount with the involvement of our valuation specialists and paying particular attention to the model's mathematical coherence and the reasonableness of the cash flow projections, discount rates and long-term growth rates. In conducting our review, we interviewed the persons in charge of preparing the model and used reliable external sources and other available information to cross-check the data used.
- ▶ Reviewing, retrospectively, the estimates made in previous periods to identify potential biases in the assumptions used by Group management.
- ▶ Reviewing the sensitivity analyses performed by Group management of the estimates made in determining recoverable amount to changes in the key assumptions made.
- ▶ Reviewing the disclosures made in the notes to the consolidated financial statements in conformity with the applicable regulatory financial reporting framework.

### *Recoverability of the deferred tax assets of the Spain Tax Group*

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**Description** As explained in note 24 to the accompanying consolidated financial statements, at 31 December 2021 the Group recognised deferred tax assets on the consolidated balance sheet for the Spain Tax Group amounting to 564,797 thousand euros.

According to the accounting policy described in note 3.q to the accompanying consolidated financial statements, the Group recognises deferred tax assets except in cases where there are reasonable doubts about their future recovery.

The assessment made to determine the recoverable amount of these assets requires Group management to make complex judgements regarding the estimates of the future taxable profit of the companies comprising the Spain Tax Group based on financial projections and business plans considering applicable tax laws and accounting standards.

Given the complexity inherent in management's projections of business performance to estimate future taxable profits of the companies comprising the Spain Tax Group and the significance of the amounts involved, we determined this to be a key audit matter.

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**Our  
response**

In relation to this matter, our audit procedures included:

- ▶ Understanding the process designed by Group management to assess the recoverability of deferred tax assets and assessing the design and implementation of the relevant controls in place in that process.
- ▶ Assessing the reasonableness of the key assumptions used by Group management to estimate the period for recovering deferred tax assets, focusing on the economic, financial and tax assumptions used to estimate the future taxable profits of the Spain Tax Group based on budgets, business performance and historical experience.
- ▶ Assessing, with the involvement of our tax specialists, the key assumptions made by Group management regarding applicable tax laws.
- ▶ Assessing the sensitivity of the results to reasonably possible changes in those assumptions.
- ▶ Reviewing the disclosures made in the notes to the consolidated financial statements in conformity with the applicable regulatory financial reporting framework.

### *Recognition of revenue from long-term contracts in the Construction business area*

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**Description** As explained in note 3 to the accompanying consolidated financial statements, performance obligations in the construction activity are satisfied over time, so revenue is recognised using the percentage of completion method.

The recognition of revenue from long-term construction contracts requires Group management to make significant estimates regarding, e.g. total contract costs to be incurred, estimated contract revenue and, where appropriate, the amount of contract modifications and claims relating to, e.g. the total costs to be incurred, the estimate of expected revenue and, where appropriate, the amount of contract modifications that will finally be accepted by the customer.

Given the significance of the amounts involved since this affects a large portion of total "Revenue" and the measurement of completed work pending certification recognised under "Trade and other receivables", which amounted to 342,375 thousand euros at 31 December 2021, and the complexity required to make these estimates, which requires Group management to make judgements in determining the assumptions used, which means changes in those assumptions could give rise to material differences in the amount of revenue recognised, we determined this to be a key audit matter.

Information on the applicable measurement standards and the disclosures for revenue are provided in notes 3.s and 27 to the accompanying consolidated financial statements.

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**Our  
response**

In relation to this matter, our audit procedures included:

- ▶ Understanding the process designed by Group management to recognise revenue, assessing the design and implementation of the relevant controls in place in that process, and verifying the operating effectiveness of those controls for the main components of the Group that have this type of contract.
- ▶ Selecting a sample of projects from the Group's main components with this type of contract, for which we obtained the related contracts to read and understand the most important clauses and their implications, and, e.g. budgets, internal assessments of revenue recognition, certifications, follow-up presentations on the execution of projects and amounts received.
- ▶ Assessing for these contracts the reasonableness of Group management's assumptions through meetings with technical staff and project managers, and analysing the reasons for deviations between originally planned and actual costs and their impact on estimated project margins.
- ▶ Assessing the reasonableness of estimates of completed work pending certification recognised as revenue at year-end, checking the status of negotiations of the main customer contracts, and reviewing the reasonableness of documents supporting the probability of recovery.
- ▶ Assessing the reasonableness of Group management's approach for recognising and measuring contract modifications and claims submitted, covering especially the estimate of amounts expected to be recovered and the probability of success.
- ▶ Reviewing the disclosures made in the notes to the consolidated financial statements in conformity with the applicable regulatory financial reporting framework.

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***Measurement of Investment properties and Inventories***

**Description** At 31 December 2021, the Group recognised an amount of 2,069,187 thousand euros in the consolidated balance sheet under "Investment properties" related mainly to office buildings and shopping centres held to earn rentals or for capital appreciation, and 804,423 thousand euros under "Inventory" relating to land, developments in progress and other properties held for sale or inclusion in a real estate development.

Group management determines the fair value of investment properties on a half-yearly basis by reference to appraisals performed by independent experts to reflect current market conditions at year-end. It also determines whether an item of inventory is impaired by engaging independent experts to estimate the fair value of the main assets included in inventories.

Given the significance of the amounts involved and the complexity of the process used to identify indications of impairment and measure investment properties and inventories to determine recoverable amount for the purpose of assessing potential impairment, which requires Group management and independent experts to make significant estimates in applying judgements to determine the assumptions used (in particular, assumptions underlying estimated rents, discount rates and exit yields used for investment properties and, development, construction and marketing costs for inventories, and the periods used to estimate future cash flows from investment properties), we determined this to be a key audit matter.

Information on the measurement standards for investment properties and inventories is provided in note 3.j to the consolidated financial statements. Information on the approaches and main assumptions used in the valuations and sensitivity analyses is provided in notes 9 and 15 to the consolidated financial statements.

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**Our  
response**

In relation to this matter, our audit procedures included:

- ▶ Understanding the process designed by Group management to determine whether there are indications of impairment and to determine the recoverable amount of items of "Investment properties" and "Inventories", and assessing the design and implementation of the relevant controls in place in that process.
- ▶ Reviewing the appraisal models used by independent experts to determine recoverable amounts, with the involvement of our valuation specialists, covering especially, for a sample of the appraisals performed, the model's mathematical coherence, and assessing the reasonableness of the rents used and/or the peers used, the discount rates and exit yields for investment properties, and the development, construction and marketing costs and periods used to estimate the future cash flows associated with land held in inventories, and analysing the sensitivity analyses performed by independent experts, including the performance of valuation testing procedures, where necessary.
- ▶ Reviewing, for a sample of appraisals by independent experts, whether the rents used in the valuations take into account lease contracts in force.
- ▶ Reviewing the disclosures made in the notes to the consolidated financial statements in conformity with the applicable regulatory financial reporting framework.

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**Other matters**

On February 25, 2021, other auditors issued their audit report on the 2020 consolidated financial statements, in which they expressed an unqualified opinion.

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**Other information: consolidated management report**

Other information refers exclusively to the 2021 consolidated management report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

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

- a. Checking only that the consolidated non-financial statement and certain information included in the Corporate Governance Report and in the Board Remuneration Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.
- b. Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated management report is consistent with that provided in the 2021 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

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### **Responsibilities of the parent company's directors and the audit and control committee for the consolidated financial statements**

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

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

The audit and control committee is responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

We also provide the audit and control committee of the parent company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and control committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

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



## Report on other legal and regulatory requirements

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### European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Fomento de Construcción y Contratas, S.A. and subsidiaries for the 2021 financial year, which include the XHTML file containing the consolidated financial statements for the year, and the XBRL files as labeled by the entity, which will form part of the annual financial report.

The directors of Fomento de Construcción y Contratas, S.A. are responsible for submitting the annual financial report for the 2021 financial year, in accordance with the formatting and mark-up requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation). In this regard, the Corporate Governance Report and the Board remuneration report have been incorporated by reference in the consolidated management report.

Our responsibility consists of examining the digital files prepared by the directors of the parent company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the consolidated financial statements included in the aforementioned digital files correspond in their entirety to those of the consolidated financial statements that we have audited, and whether the consolidated financial statements and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital files examined correspond in their entirety to the audited consolidated financial statements, which are presented and have been marked up, in all material respects, in accordance with the ESEF Regulation.

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### Additional report to the audit and control committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit and control committee on February 23, 2022.

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### Term of engagement

The ordinary general shareholders' meeting held on June 2, 2021 appointed us as auditors for 3 years, commencing on February 23, 2022.

ERNST & YOUNG, S.L.  
(Registered in the Official Register of  
Auditors under No. S0530)

(Signature on the original in Spanish)

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Fernando González Cuervo  
(Registered in the Official Register of  
Auditors under No. 21268)

February 24, 2022



Servicios Ciudadanos

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.  
AND SUBSIDIARIES (CONSOLIDATED GROUP)**

# **Financial Statements and Management Report**

**Business Year 2021**

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**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.  
AND SUBSIDIARIES (CONSOLIDATED GROUP)**

# Financial Statements

## CONSOLIDATED BALANCE SHEET

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.  
AND SUBSIDIARIES  
at 31 December 2021 (in thousands of euros)

ASSETS	Notes	31/12/2021	31/12/2020
<b>NON-CURRENT ASSETS</b>		<b>9,074,069</b>	<b>7,130,413</b>
<b>Intangible fixed assets</b>	7	<b>2,445,233</b>	<b>2,437,859</b>
Concessions	7 and 11	1,439,706	1,378,160
Goodwill		948,976	1,007,015
Other intangible fixed assets		56,551	52,684
<b>Property, plant and equipment</b>	8	<b>2,862,556</b>	<b>2,810,199</b>
Land and buildings		987,119	1,016,848
Plant and other items of property, plant and equipment		1,875,437	1,793,351
<b>Investment property</b>	9	<b>2,069,187</b>	-
<b>Investments accounted for using the equity method</b>	12	<b>533,842</b>	<b>722,786</b>
<b>Non-current financial assets</b>	14	<b>604,020</b>	<b>580,874</b>
<b>Deferred tax assets</b>	24	<b>559,231</b>	<b>578,695</b>
<b>CURRENT ASSETS</b>		<b>5,168,089</b>	<b>5,704,189</b>
<b>Non-current assets held for sale</b>	4	-	<b>1,392,268</b>
<b>Inventory</b>	15	<b>1,107,262</b>	<b>765,604</b>
<b>Trade and other receivables</b>	16	<b>2,277,734</b>	<b>2,039,451</b>
Trade receivables for sales and services		1,845,214	1,651,094
Other receivables		258,165	287,122
Current tax assets	24	174,355	101,235
<b>Other current financial assets</b>	14	<b>184,365</b>	<b>228,652</b>
<b>Other current assets</b>	16	<b>63,203</b>	<b>56,105</b>
<b>Cash and cash equivalents</b>	17	<b>1,535,525</b>	<b>1,222,109</b>
<b>TOTAL ASSETS</b>		<b>14,242,158</b>	<b>12,834,602</b>

The accompanying Notes 1 to 33 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2021 consolidated income statements.

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.  
AND SUBSIDIARIES**  
at 31 December 2021 (in thousands of euros)

<b>LIABILITIES AND EQUITY</b>	<b>Notes</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
<b>EQUITY</b>	<b>18</b>	<b>4,440,665</b>	<b>2,908,694</b>
<b>Equity attributable to the Parent</b>		<b>3,007,094</b>	<b>2,288,313</b>
Shareholders' equity		3,121,227	2,564,012
<i>Capital</i>		425,174	409,107
<i>Accumulated earnings and other reserves</i>		2,142,592	1,910,738
<i>Shares and equity interests</i>		(26,674)	(18,012)
<i>Profit for the year attributable to the Parent company</i>		580,135	262,179
Valuation adjustments		(114,133)	(275,699)
<b>Non-controlling interests</b>		<b>1,433,571</b>	<b>620,381</b>
<b>NON-CURRENT LIABILITIES</b>		<b>5,565,941</b>	<b>5,531,296</b>
<b>Subsidies</b>		<b>192,185</b>	<b>192,961</b>
<b>Non-current provisions</b>	<b>19</b>	<b>1,167,340</b>	<b>1,064,384</b>
<b>Non-current financial liabilities</b>	<b>20</b>	<b>3,732,997</b>	<b>3,977,288</b>
Bonds and other marketable securities		1,878,804	2,780,935
Bank borrowings		1,284,368	607,599
Other financial liabilities		569,825	588,754
<b>Deferred tax liabilities</b>	<b>24</b>	<b>322,219</b>	<b>148,794</b>
<b>Other non-current liabilities</b>	<b>21</b>	<b>151,200</b>	<b>147,869</b>
<b>CURRENT LIABILITIES</b>		<b>4,235,552</b>	<b>4,394,612</b>
<b>Liabilities related to non-current assets held for sale</b>	<b>4</b>	<b>-</b>	<b>1,051,285</b>
<b>Current provisions</b>	<b>19</b>	<b>147,874</b>	<b>195,152</b>
<b>Current financial liabilities</b>	<b>20</b>	<b>1,820,176</b>	<b>874,443</b>
Bonds and other marketable securities		1,152,739	449,346
Bank borrowings		458,189	212,421
Other financial liabilities		209,248	212,676
<b>Trade and other payables</b>	<b>22</b>	<b>2,267,502</b>	<b>2,273,732</b>
Suppliers		1,072,129	1,055,643
Other payables		1,167,215	1,209,150
Current tax liabilities	<b>24</b>	28,158	8,939
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>14,242,158</b>	<b>12,834,602</b>

The accompanying Notes 1 to 33 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2021 consolidated income statements.

## CONSOLIDATED INCOME STATEMENT

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.  
AND SUBSIDIARIES**  
at 31 December 2021 (in thousands of euros)

	Notes	31/12/2021	31/12/2020
<b>Net business turnover</b>	27	<b>6,659,283</b>	<b>6,158,023</b>
Self-constructed assets		53,323	33,857
Other operating income	27	247,999	293,305
Changes in finished goods and work in progress inventories		(13,631)	15,230
Consumables	27	(2,476,145)	(2,300,242)
Staff costs	27	(2,040,229)	(1,971,110)
Other operating expenses		(1,304,013)	(1,181,564)
Amortisation of fixed assets and allocation of grants for non-financial and other assets	7, 8 y 9	(443,936)	(477,342)
Impairment and gains/(losses) on disposal of fixed assets	27	123,577	6,870
Other gains/(losses)	27	(4,018)	(4,287)
<b>OPERATING PROFIT/(LOSS)</b>		<b>802,210</b>	<b>572,740</b>
Finance income	27	24,819	33,470
Finance costs	27	(135,321)	(187,429)
Miscellaneous financial results	27	57,519	(51,057)
<b>FINANCIAL PROFIT/(LOSS)</b>		<b>(52,983)</b>	<b>(205,016)</b>
Profit/(loss) of entities valued using the equity method	27	58,233	62,149
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>807,460</b>	<b>429,873</b>
Corporate income tax	24	(130,180)	(86,273)
<b>PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>677,280</b>	<b>343,600</b>
<b>CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR</b>		<b>677,280</b>	<b>343,600</b>
Profit attributable to the Parent		580,135	262,179
Profit attributable to non-controlling interests	18	97,145	81,421
<b>EARNINGS PER SHARE (euros)</b>	18		
Basic		1.40	0.66
Diluted		1.40	0.66

The accompanying Notes 1 to 33 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2021 consolidated income statements.

## CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.  
AND SUBSIDIARIES**  
at 31 December 2021 (in thousands of euros)

	31/12/2021	31/12/2020
<b>CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR</b>	<b>677,280</b>	<b>343,600</b>
<b>Other comprehensive income - Items that are not reclassified to profit/(loss) for the period</b>	<b>7,002</b>	<b>(3,753)</b>
<b>Actuarial profits and losses (*)</b>	<b>8,066</b>	<b>(4,863)</b>
<b>Tax effect</b>	<b>(1,064)</b>	<b>1,110</b>
<b>Other comprehensive income - items that can subsequently be reclassified to profit/(loss) for the period</b>	<b>203,643</b>	<b>(72,541)</b>
<b>Financial assets at fair value with changes in other comprehensive income</b>	<b>(26)</b>	<b>17</b>
Valuation gains/(losses)	-	-
Amounts transferred to the statement of profit and loss	(26)	17
<b>Cash flow hedges</b>	<b>23,086</b>	<b>(14,758)</b>
Valuation gains/(losses)	28,841	(30,907)
Amounts transferred to the statement of profit and loss	(5,755)	16,149
<b>Translation differences</b>	<b>65,569</b>	<b>(78,254)</b>
Valuation gains/(losses)	65,569	(79,350)
Amounts transferred to the statement of profit and loss	-	1,096
<b>Participation in other comprehensive profit recognised by investments in joint ventures and associates</b>	<b>122,983</b>	<b>8,952</b>
Valuation gains/(losses)	18,049	(6,926)
Amounts transferred to the statement of profit and loss	104,934	15,878
<b>Tax effect</b>	<b>(7,969)</b>	<b>11,502</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>887,925</b>	<b>267,306</b>
<b>Attributable to the Parent Company</b>	<b>755,291</b>	<b>218,605</b>
<b>Attributable to non-controlling interests</b>	<b>132,634</b>	<b>48,701</b>

The accompanying Notes 1 to 33 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2021 consolidated income statements.

(\*) Amounts that under no circumstances will be charged to the statement of profit and loss.

## TOTAL STATEMENT OF CHANGES IN THE CONSOLIDATED EQUITY

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.  
AND SUBSIDIARIES  
at 31 December 2021 (in thousands of euros)

	Share capital	Share premium and reserves	Interim dividend	Shares and equity interests	Profit/(loss) for the year attributed to the Parent Company	Other equity instruments	Valuation adjustments	Equity attributable to shareholders of the Parent	Non-controlling interests	Total equity
<i>Notas</i>	<i>18.a</i>	<i>18.b</i>		<i>18.c</i>			<i>18.d</i>	<i>18</i>	<i>18.II</i>	
<b>Equity as at 31 December 2019</b>	<b>392,265</b>	<b>1,601,284</b>	<b>0</b>	<b>(16,068)</b>	<b>266,704</b>	<b>0</b>	<b>(292,923)</b>	<b>1,951,262</b>	<b>522,497</b>	<b>2,473,759</b>
<b>Total income and expenses for the year</b>		<b>(1,988)</b>			<b>262,179</b>		<b>(41,586)</b>	<b>218,605</b>	<b>48,701</b>	<b>267,306</b>
<b>Transactions with shareholders or owners</b>	<b>16,842</b>	<b>(29,357)</b>	<b>0</b>	<b>(1,944)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(14,459)</b>	<b>(40,917)</b>	<b>(55,376)</b>
Capital increases/(reductions)	16,842	(16,921)						(79)	366	287
Distribution of dividends		(12,436)						(12,436)	(41,283)	(53,719)
Transactions with treasury shares or equity instruments (net)				(1,944)				(1,944)		(1,944)
<b>Other changes in equity</b>	<i>18</i>	<b>340,799</b>			<b>(266,704)</b>		<b>58,810</b>	<b>132,905</b>	<b>90,100</b>	<b>223,005</b>
<b>Equity as at 31 December 2020</b>	<b>409,107</b>	<b>1,910,738</b>	<b>0</b>	<b>(18,012)</b>	<b>262,179</b>	<b>0</b>	<b>(275,699)</b>	<b>2,288,313</b>	<b>620,381</b>	<b>2,908,694</b>
<b>Total income and expenses for the year</b>		<b>11,364</b>			<b>580,135</b>		<b>163,792</b>	<b>755,291</b>	<b>132,634</b>	<b>887,925</b>
<b>Transactions with shareholders or owners</b>	<b>16,067</b>	<b>(25,788)</b>	<b>0</b>	<b>(8,662)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(18,383)</b>	<b>(42,530)</b>	<b>(60,913)</b>
Capital increases/(reductions)	16,067	(16,157)						-90	(437)	(527)
Distribution of dividends		(9,631)						(9,631)	(42,093)	(51,724)
Transactions with treasury shares or equity instruments (net)				(8,662)				(8,662)		(8,662)
<b>Other changes in equity</b>		<b>246,278</b>			<b>(262,179)</b>		<b>(2,226)</b>	<b>(18,127)</b>	<b>723,086</b>	<b>704,959</b>
<b>Equity as at 31 December 2021</b>	<b>425,174</b>	<b>2,142,592</b>	<b>0</b>	<b>(26,674)</b>	<b>580,135</b>	<b>0</b>	<b>(114,133)</b>	<b>3,007,094</b>	<b>1,433,571</b>	<b>4,440,665</b>

The accompanying Notes 1 to 33 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2021 consolidated income statements.



## A. STATEMENT OF CONSOLIDATED CASH FLOWS (INDIRECT METHOD)

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.  
AND SUBSIDIARIES**  
at 31 December 2021 (in thousands of euros)

	Notes	31/12/2021	31/12/2020
<b>Profit/(loss) before tax from continuing operations</b>		<b>807,460</b>	<b>429,873</b>
<b>Adjustments to profit</b>		<b>203,866</b>	<b>538,330</b>
Amortisation of fixed and non-current assets	7, 8 and 9	452,267	488,907
Impairment and gains/(losses) on disposal of fixed assets	7, 8 and 27	(123,577)	6,870
Other adjustments to profit/(loss) (net)	27	(124,824)	42,553
<b>Changes in working capital</b>	<b>16</b>	<b>(167,910)</b>	<b>(302,060)</b>
<b>Other cash flows from operating activities</b>		<b>(97,170)</b>	<b>(61,069)</b>
Dividend collections		38,431	35,665
Collections/(Payment) for income tax		(135,601)	(96,734)
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>746,246</b>	<b>605,074</b>
<b>Investment payments</b>		<b>(557,923)</b>	<b>(541,275)</b>
Group companies, associates and business units		(147,897)	(95,672)
Property, plant and equipment, intangible assets and real estate investments	7, 8 and 9	(387,392)	(407,933)
Otros activos financieros		(22,634)	(37,670)
<b>Divestment receipts</b>		<b>568,619</b>	<b>75,920</b>
Group companies, associates and business units		478,022	6,214
Property, plant and equipment, intangible assets and real estate investments	7, 8 and 9	52,224	20,223
Other financial assets		38,373	49,483
<b>Other cash flows from investing activities</b>		<b>182,386</b>	<b>63,807</b>
Interest received		13,050	13,675
Other collections/(payments) from investing activities		169,336	50,132
<b>TOTAL CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		<b>193,082</b>	<b>(401,548)</b>
<b>Proceeds from and payments for equity instruments</b>	<b>18</b>	<b>(200,929)</b>	<b>186,374</b>
Issue/(redemption)		(524)	22
(Acquisition)/disposal of treasury shares		(200,405)	186,352
<b>Proceeds from (payments on) financial liabilities</b>	<b>20</b>	<b>(269,321)</b>	<b>(142,639)</b>
Issuance		1,125,829	1,689,907
Repayment and amortisation		(1,395,150)	(1,832,546)
<b>Dividends paid and payments on equity instruments</b>	<b>6</b>	<b>(63,150)</b>	<b>(36,643)</b>
<b>Other cash flows from financing activities</b>		<b>(94,327)</b>	<b>(145,529)</b>
Interest paid		(99,105)	(151,370)
Other collections/(payments) from financing activities		4,778	5,841
<b>TOTAL CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(627,727)</b>	<b>(138,437)</b>
<b>EFFECT OF VARIATIONS IN EXCHANGE RATES</b>		<b>1,815</b>	<b>(61,524)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>313,416</b>	<b>3,565</b>
<b>Cash and cash equivalents at the start of the period</b>	<b>17</b>	<b>1,222,109</b>	<b>1,218,544</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>17</b>	<b>1,535,525</b>	<b>1,222,109</b>

The accompanying Notes 1 to 33 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2021 consolidated income statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.  
AND SUBSIDIARIES  
at 31 December 2021**

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<b>Annexe II</b>	Companies jointly controlled with third parties outside the Group (consolidated using the equity method)
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<b>Annexe IV</b>	Changes in the scope of consolidation
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<b>Annexe V</b>	Temporary Joint Ventures and other contracts jointly managed with third parties outside the Group
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## 1. GROUP ACTIVITY

The FCC Group comprises the parent company Fomento de Construcciones y Contratas, S.A. and a group of national and international investee companies.

Company identification data	
Name of the reporting entity or other means of identification	Fomento de Construcciones y Contratas, S.A.
Legal form of the entity	Public Limited Company (In Spain: Sociedad Anónima)
Address of the entity's registered office	C. Balmes 36, 08007 Barcelona, Spain
Address of the entity	Avenida Camino de Santiago 40, 28050, Madrid, Spain
Country of incorporation	Spain
Main place of business	Spain
Name of the parent company	Control Empresarial de Capitales, S.A. de C.V.
Name of the controlling parent of the group	Control Empresarial de Capitales, S.A. de C.V.

The Group operates in the following business areas:

- **Environmental Services.** Services related to urban sanitation, industrial waste management, green space conservation, including both construction and operation of treatment plants, and energy recovery from waste. This includes concession agreements related to environmental services.
- **End-to-end Water Management.** Services relating to the end-to-end water cycle: collection, purification and distribution of water for human consumption; wastewater collection, filtration and purification; design, construction, operation and maintenance of water infrastructure for municipal, industrial, agricultural services, etc. Concession agreements related to the end-to-end water cycle are also included.
- **Construction.** Specialised in the construction of infrastructure, buildings and similar facilities: motorways, roads, tunnels, bridges, hydraulic works, ports, airports, urban developments, housing, non-residential building, lighting, industrial climate control installations, environmental restoration, etc.
- **Real Estate.** Dedicated to the promotion of housing and the rental of offices and commercial premises.
- **Cement.** Dedicated to the operation of quarries and mineral deposits, manufacture of cement, lime, gypsum and prefabricated derivatives, and also to the production of concrete and mortar.
- **Concessions.** Mainly includes concession agreements related to the operation of highways, tunnels and other similar infrastructures.

**International** activities account for approximately 41% (40% in 2020) of the FCC Group's turnover, mainly in Europe, Latin America, the Middle East and the United States.

## 2. BASIS OF PRESENTATION AND BASIS OF CONSOLIDATION OF THE CONSOLIDATED INCOME STATEMENT

### a) Basis of presentation

The accompanying financial statements and the notes thereto that comprise this Report and which make up these consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union at the closing date, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and all the implementing provisions and interpretations.

The 2021 consolidated financial statements of the FCC Group have been formulated by the Board of Directors of Fomento de Construcciones y Contratas, S.A. and will be presented for approval by the General Shareholders' Meeting. However, no amendments are expected as a result of the fulfilment of said requirement. The 2020 consolidated financial statements were approved by the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A., held on 29 June 2021.

These consolidated financial statements of the FCC Group show the faithful image of the equity and the financial situation as of 31 December 2021 and 2020, as well as the results of the operations, changes in equity and consolidated cash flows that occurred in the Group during those years.

The consolidated financial statements of the FCC Group have been prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and its investee companies. These records, in accordance with the procedures and operating systems established in the Group, justify and support the consolidated financial statements prepared in accordance with current international accounting regulations.

In order to uniformly present the various items composing these consolidated financial statements, accounting standardisation criteria were applied to the individual financial statements of the companies included in the scope of consolidation. In 2021 and 2020, the reporting date of the financial statements of the companies included in the scope of consolidation was the same as that of the Parent, i.e. 31 December.

The consolidated financial statements are expressed in thousands of euros.

#### Reclassifications made

There were no significant reclassifications in business years 2021 and 2020.

#### Rules and interpretations issued but not in force

The Group intends to adopt standards, interpretations and amendments to standards issued by the IASB, which are not mandatory in the European Union, when they become effective, if applicable to it. Although the Group is currently analysing its impact, based on its analysis to date, it believes that its initial application will not have a significant impact on its consolidated financial statements.

### Significant rules and interpretations applied in 2021

The standards and interpretations applied in the preparation of these consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended 31 December 2020, as none of the standards, interpretations or amendments that are applicable for the first time in this business year have had an impact on the Group's accounting policies.

### **b) Basis of consolidation**

#### Subsidiaries

The consolidation is carried out using the global integration method for the subsidiaries indicated in Annexe I, in which Fomento de Construcciones y Contratas, S.A. exercises control, that is, when it has the power to direct its relevant activities, it is exposed to variable returns as a result of its participation in the investee and has the ability to exercise said power to influence its own returns, directly or through other companies controlled by it.

The value of the participation of non-controlling shareholders in equity is presented under the heading "Non-controlling interests" of the liability side of the accompanying consolidated balance sheet and the participation in the profit/(loss) is presented under the heading "Profit attributed to non-controlling interests" of the accompanying consolidated income statement.

Where appropriate, goodwill is determined in accordance with the provisions of Note 3.b) of this Report.

#### Joint agreements

The Group develops joint agreements through participation in joint ventures jointly controlled by one or more of the FCC Group companies with other companies outside the Group (note 12), as well as through participation in joint operations, temporary joint ventures and other similar entities (note 13).

The Group applies its professional judgement to evaluate its rights and obligations over joint agreements taking into account the financial structure and legal form of the agreement, the terms agreed by the parties and other relevant facts and circumstances to evaluate the type of joint agreement. Once such an analysis has been carried out, two types of joint agreements are distinguished:

- a) Joint operation: When the parties hold rights over the assets and obligations over the liabilities.
- b) Joint business: When the parties hold only rights over the net assets.

In accordance with IFRS 11 "Joint agreements", participations in joint ventures are integrated according to the equity method and are included in the accompanying consolidated balance sheet under the heading "Investments accounted for using the equity method". These companies' participation in the net income of the business year is included under the heading "Profit/(loss) of entities valued using the equity method" of the accompanying consolidated profit and loss statement.

The joint operations, mainly in the Construction and Environmental Services activities that mostly take the form of temporary joint ventures and other similar entities, have been integrated in the attached consolidated accounts based on the percentage of participation in assets, liabilities, income and expenses derived from the operations carried out by them, eliminating the reciprocal balances in assets and liabilities, as well as the income and expenses not incurred against third parties.

Annexe II lists the business jointly controlled with third parties outside the Group and Annexe V lists the joint operations carried out with third parties outside the Group, mainly through temporary joint ventures and other entities with similar characteristics.

#### Associates

The companies listed in Annexe III, in which Fomento de Construcciones y Contratas, S.A. does not exercise control but has significant influence, are included in the accompanying consolidated balance sheet under the heading “Investments accounted for by applying the equity method”, integrated using said method. These companies' contribution to the net income of the business year is included under the heading “Profit/(loss) of entities valued using the equity method” of the accompanying consolidated income statement.

#### Transactions between Group companies

In transactions between consolidated companies, the profit/(loss) of internal operations are eliminated, being deferred until they are made against third parties outside the Group. This elimination does not apply in the “Concession agreements” since the result is considered to be realised against third parties (note 3.a).

Group work on its own fixed and non-current assets is measured at production cost, eliminating the intra-group profit/(loss).

Reciprocal credits and debits have been eliminated from the consolidated financial statement, as well as internal income and expenses from the collection of the subsidiaries that are consolidated.

#### Changes in the scope of consolidation

Annexe IV shows the changes made in 2021 in all consolidated companies using global integration and the equity method. The profit/(loss) of these companies are included in the consolidated income statement as from the effective acquisition date or until the effective disposal or derecognition date, as appropriate.

The heading “Change in scope” in the corresponding notes to this Report shows the effect of the additions and derecognitions of companies from the scope of consolidation. Additionally, Note 5 of this Report “Changes in the scope of consolidation”, shows the most significant inclusions in and exclusions from said scope.

### **3. ACCOUNTING POLICIES**

The accounting policies applied to the consolidated financial statements of the FCC Group are detailed below:

#### **a) Service Concession Arrangements**

Concession contracts involve agreements between a granting public entity and FCC Group companies to provide public services such as water distribution, filtration and sewage treatment, landfill management, motorways and tunnels, etc. by operating the infrastructure. Meanwhile, revenue from providing the service may be received directly from the users or, sometimes, through the concession grantor itself, which regulates the prices for providing the service.

The concession right generally means that the concession operator has an exclusive right to provide the service under the concession for a given period of time, after which the infrastructure assigned to the concession required to provide the service is returned to the concession grantor, generally for no consideration. 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.

When the above conditions are met, said concession contracts are registered by the provisions of IFRIC 12 "Service Concession Arrangement". In general, there are two clearly differentiated phases, the first one in which the concessionaire provides construction or improvement services that are recognised according to the degree of progress, with a counterpart in an intangible or financial asset, and a second phase in which a series of maintenance or operation services are provided for the aforementioned infrastructure. In both cases, income is recognised in accordance with the provisions of IFRS 15 "Revenue from contracts with customers" (note 3.s).

An intangible asset is recognised when the demand risk is borne by the concessionaire and a financial asset is recognised when the demand risk is borne by the concession grantor, since the concessionaire has an unconditional contractual right to receive the proceeds of the construction or upgrade services. These assets also include the amounts paid in relation to the fees for the award of the concessions.

There may be mixed situations in which the demand risk is shared between the concessionaire and the grantor.

For concessions classified as intangible assets, provisions for dismantling, removal or restoration and any steps to improve and increase capacity, the revenue from which is envisaged in the initial contract, are capitalised at the start of the concession and the amortisation of these assets and the discounting of such provisions are recognised in profit or loss. Also, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred.

Borrowing costs attributable to infrastructure financing are recognised as an expense in the period, capitalising, only in the intangible asset model, those that accrue during the construction phase and until the related infrastructure is put to use.

The amortisation of these intangible assets is carried out according to the consumption pattern, understanding as such the performance and best estimation of the production units in each of the different activities. The Group's most important concession businesses are in the water supply and sanitation business, which depreciates its assets based on water consumption, which, in general, remains constant over time due, on the one hand, to a reduction in water consumption as a result of water saving policies and, on the other hand, to an increase in water consumption as a result of population growth; in the environmental services business, mainly waste recycling and energy recovery plants, which are depreciated on the basis of the tonnes treated; and in the concessions business, mainly toll roads and motorways, which are depreciated on the basis of traffic. The amortisation is completed in the concession period, which is generally between 25 and 50 years.

Concession arrangements recognised as financial assets are measured at the fair value of the construction or upgrade services rendered. In accordance with the amortised cost method, the corresponding income is recognised in profit or loss as net turnover based on the effective interest rate resulting from forecasts of the concession's cash flows and payments. Finance expenses arising from the financing of these assets are classified under "Financial expenses" in the consolidated income statement. As stated above, for the provision of maintenance or operating services, income and expenses are allocated to profit/(loss) in accordance with IFRS 15 "Revenue from contracts with customers".



## **b) Business combinations and goodwill**

The assets and liabilities of the companies and subgroups over which control is acquired are recognised in the consolidated balance sheet at their fair value together with the related deferred taxes. However, in accordance with regulations, the initial measurement of the assets and liabilities and their allocation to the various headings may be reviewed within the twelve months following the acquisition date, should it be necessary to consider new data.

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

Goodwill is recognised as the positive difference between (a) the sum of the fair value of the consideration transferred as a result of the acquired interest, the amount of the non-controlling interests and the fair value at the date on which control over these interests is acquired when control is obtained in stages, and (b) the fair value of identifiable assets and liabilities.

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

In general, non-controlling interests are valued by the proportional part of the fair value in the assets and liabilities of the acquired company.

If control over a business combination is achieved in stages, the difference between the fair value at the time control over the preceding interest is obtained and the carrying amount of that interest is recognised in profit/(loss).

Once control is obtained over an investee, and until that control is lost, the difference between the amount of any additional equity interest acquired or sold and its carrying amount is accounted for in equity.

Goodwill is not amortised. However, it is tested for impairment at least at each balance sheet date, in order to recognise it at the lower of its recoverable value, estimated on the basis of expected cash flows, or acquisition cost, less any prior years' impairment losses. The accounting policies used to determine impairment are detailed in section f) of this note.

## **c) Intangible Assets**

Except as indicated in the two previous sections of this note regarding the agreements for the concession of services and goodwill, the other intangible assets contained in the accompanying financial statements are valued at their acquisition cost. These intangible assets include investments related to operating contracts and licenses, rights to build and software applications.

Such registered intangible assets have a finite useful life. Amortisation is carried out during its useful life, which is generally between 20 and 35 years, that is, the period during which it is estimated that they will generate income, using the linear method, except when the application of the consumption pattern reflects its depreciation more faithfully. Software applications are generally amortised within a period of 5 to 10 years.

#### d) Property, plant and equipment

Property, plant and equipment are recorded at their cost price (updated, where appropriate, with various legal provisions prior to the date of transition to IFRS), less accumulated depreciation and any loss due to impairment of recognised value. The cost of those assets includes the estimated present value of their dismantling or the withdrawal of the affected items and, in those cases in which they have been acquired through business contributions as stated in section b) of this note, they are initially recognised at their fair value on the acquisition date.

The work carried out by the Group for its fixed and non-current assets is valued at production cost.

Conservation and maintenance expenses that do not involve an extension of the useful life or productive capacity of the corresponding assets are charged to the profit/(loss) of the year in which they are incurred.

When the construction and commissioning of fixed and non-current assets require a period of long construction, the interests derived from their financing accrued during said period are activated.

Companies depreciate their fixed and non-current assets following the linear method, distributing the cost thereof between the following years of estimated useful life:

Natural resources and buildings	25-100
Plant, machinery and transport items	5-30
Furniture and tools	7-12
Other fixed and non-current assets	5-10

However, some contracts may have terms shorter than the useful life of the related fixed and non-current assets, in which case they are depreciated over the term of the contract.

The residual value, useful life and depreciation method applied to the Group's PP&E are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the revenue deriving from operating the property, plant and equipment. This review is carried out through an in situ evaluation and technical analysis, taking into account their current conditions and estimating the remaining useful life of each asset, based on their ability to continue providing the functionalities for which they were defined. Subsequently, these internal analyses are compared against third parties outside the Group, such as manufacturers, installers, etc. to ratify them.

The companies periodically assess, at least at the end of each reporting period, whether there is any indication of impairment of an asset or group of assets in order to proceed, where appropriate, as indicated in section f) of this note, to the impairment or reversal of the asset or group of assets in order to adjust its net book value to its value in use, without exceeding in any case the reversals of previous impairment losses.

#### e) Real Estate Investments.

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

Following the acquisition of control of the Realia Group and Jezzine Uno, S.L.U. (note 5), the FCC Group has included €2,069 million of real estate investments in the accompanying consolidated balance sheet (no investment property was recognised in 2020).

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

The Group periodically determines the fair value of investment property so that, at year-end, the fair value reflects the market conditions of the investment property items at that date. This fair value is determined half-yearly on the basis of the assessments made by independent experts.

#### **f) Impairment of the property, plant and equipment and intangible asset value**

Intangible assets with finite useful lives and property, plant and equipment items are tested for impairment when there is any indication that the assets might have become impaired, in order to adjust their net carrying amount to their value in use (if this is lower).

The Group uses both internal and external sources of information to assess possible signs of impairment. External sources include market value decreases beyond the passage of time or normal use or possible adverse future changes in the legal, economic or technological environment that could reveal a loss of the recoverable value of its assets. The Group internally assesses whether there has been a physical deterioration or obsolescence of the assets, if the future situation itself may produce a change in the expected use of the asset, for example if the asset is expected to be idle for a significant period of time or due to restructuring plans or if it is detected that the return on the asset is worse than expected.

Goodwill and intangible assets with indefinite useful lives must be tested for impairment at least once a year in order to recognise possible impairment losses.

Impairment losses recognised in prior years on assets other than goodwill may be reversed if the estimates used in the impairment test show a recovery in the value of these assets. The carrying amount of the assets whose recoverable amount increases must in no case exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

The recognition or reversal of impairment losses on assets are charged or credited to income under “Impairment and results obtained on the disposal of 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 lending operations and corporate income tax payments, together with those that arise from future improvements or refurbishments envisaged for the assets belonging to such Cash Generating Units. To discount 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 are obtained from the projections made by the Directorate of each of the CGUs that generally use periods of five years, except when the business characteristics advise longer periods and that include growth rates supported by the different approved business plans, whose review is carried out periodically, generally considering zero growth rates for those periods beyond the years projected in the aforementioned 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.

Cash flows from CGUs located abroad are calculated in the functional currency used by those cash generating units and they are updated using discount rates that take into consideration the risk

premium relating to each currency. The present value of the net cash flows obtained in this manner are translated at the year-end exchange rate for each currency.

#### **g) Leasing**

All leasing transactions (with certain exceptions due to their small amount or duration) in which the Group acts as lessee give rise to the recognition of an asset for the right of use, which by its nature is mainly recorded as a tangible asset, and a liability for the future payment obligations incurred. This liability is recognised at the present value of the future cash flows for each lease and the asset in an equivalent amount, adjusted for any early payment made.

A contract contains a lease when the lessor transfers control of an identifiable underlying asset for a certain period of time in exchange for a consideration. An asset is identifiable when it is explicitly specified in the contract or implicitly when it is made available to the customer. However, if the supplier has the right to replace the asset during the period of use, that is, when it has alternative assets and can economically benefit from such substitution, the asset is not considered identifiable and therefore the contract will not contain a lease.

To estimate the duration of the contract, extensions that are reasonably expected to occur and the period in which the lessee does not expect to terminate the contract (when they have the power to do so) are considered, without exclusively taking into account the minimum term established in the contract, as the term during which the lessee expects to continue using the underlying asset, depending on its particular circumstances, is estimated. To determine whether an extension is expected to take place, the economic incentives that the lessee may have to extend the contract are taken into account, considering factors such as the existence of advantageous conditions compared to market conditions in case of an extension, if the lessee has incurred significant costs in adapting the underlying asset to its needs that it must reapply in case of contracting a new lease, any possible costs for the termination of the contract in case it is not extended or the importance of the asset to the lessee, especially if it is a specialised asset that is not readily available on the market. Furthermore, the background in terms of the period of use in the past of certain assets is also taken into account.

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

Substantially all of the agreements in which the Group acts as lessor, which are mostly carried out in the Real Estate business, are classified as operating leases, as not substantially all the risks and rewards incidental to ownership of the asset are transferred. The revenue generated by the agreement is recognised on a straight-line basis over the term of the agreement and is included as revenue in the profit and loss account to the extent that it is of an operating nature. Direct costs incurred on entering into a lease agreement are incorporated as an increase in the value of the leased asset and amortised over the lease term on the same basis as income. Contingent payments are recognised as income in the period in which they are earned.

#### **h) Investments accounted for using the equity method**

Interests in joint ventures and associates are initially assessed at acquisition cost and subsequently restated to the amount of the interest with the results generated by these companies that are not distributed by way of dividends. Also, the value of the investment is adjusted to reflect the proportion of the changes in these companies' equity that were not recognised in their profit or loss. These include translation differences and adjustments caused by changes in the fair value of financial derivatives of cash flow hedges acquired by the companies themselves.

They undergo an impairment test as long as there are indications of impairment that may reveal a decrease in the recoverable value below the carrying amount of the investment, using both internal and external sources.

### **i) Financial assets**

Financial assets are initially recorded at fair value, which is generally the same as their acquisition cost, adjusted for the operation costs directly attributable to it, except in the case of financial assets at fair value with changes in profit/(loss) that are attributed to that year's profit/(loss).

All acquisitions and sales of financial assets are recorded at the date of contracting the operation.

The Group manages its financial assets in order to obtain its contractual cash flows, so it values them according to the amortised cost method, that is, initial cost less principal charges plus accrued income based on its effective interest rate pending collection, adjusted for any recognised impairment loss. The effective interest rate consists of the rate that equals the initial cost of the total cash flows estimated for all the items throughout the remaining life of the investment. As an exception to the above, it should be noted that the Group values certain financial assets at fair value in the following cases:

- Financial assets at fair value with changes in profit/(loss): This category includes derivatives that do not meet the conditions to be considered as hedging, financial assets that other standards establish must be valued at fair value charged to profit/(loss), such as contingent considerations in business combinations and financial assets that, if valued differently, would generate an accounting asymmetry.
- Financial assets at fair value with changes in other comprehensive income: The Group values its interests in companies in which it does not have control, joint control or exert significant influence at fair value charged to reserves.

Financial assets at fair value have been recorded at fair value at the closing date of the financial statements. Fair value is understood as the value by which a financial instrument could be exchanged between informed and experienced parties in a free transaction (independent between third parties).

In the case of financial assets at fair value with changes in the profit/(loss), the profits or losses resulting from the change in fair value are attributed to the net profit/(loss) of the year, while financial assets at fair value with changes in other comprehensive income are attributed to equity, until the asset is disposed of, at which time the profit previously accumulated in equity will be included in that year's profit/(loss).

In assets that are valued at amortised cost, an impairment loss is recorded if, on the closing date of the financial statements, it is determined that credit losses will be incurred throughout their entire life. That is, impairment losses are recorded immediately when there is credit risk. Credit risk is understood as the risk of one of the parties to the financial instrument causing a financial loss to the other party if it breaches an obligation.

Collection rights arising from a service concession arrangement are valued according to the criteria indicated in section a) of this note.

Trade receivables arising in the Group's normal business activities are stated at their nominal value, given that they generally mature within twelve months, adjusted by any expected credit losses over the course of their lives. Accounts receivable with maturities greater than twelve months are valued at their current value.

The Group, based on the short-term cash flow needs, transfers credit from customers to financial entities. The amount of these credit assignments is reported in Note 16.a). These operations accrue interest under usual market conditions and the collection management is still carried out by the Group companies, although the costs associated with such management are residual.

To the extent that the risks and rewards inherent to the accounts receivable are substantially transmitted through these sales and assignments of collection rights, as well as the control over them, without there being any repurchase agreements signed between the Group companies and the credit institutions that have acquired the assets and that they can freely dispose of said acquired assets without the Group companies being able to limit the aforementioned right in any way, the aforementioned sales and assignments are posted as “without recourse”. Consequently, in accordance with the criteria established by IFRS, balances receivable from debtors assigned or sold under the conditions indicated are written off in the consolidated balance sheet.

### j) Inventory

Inventory is valued at the average acquisition price or the average production cost, applying the necessary value corrections to adapt these values to the net realisable value if it were lower.

The Group's real estate activity includes land and plots, as well as ongoing developments and finished properties that are held for sale or for integration into a real estate development. Land and plots are valued at their acquisition price, plus any urbanisation costs and other expenses related to their purchase (property transfer tax, registration fees etc.) and the financial costs of their financing during execution of the works, or their recoverable amount if this is less.

Ongoing developments are the costs incurred in real estate development, or part thereof, whose construction has not been completed at the end of the business year. The cost of completed real estate developments is classified as finished products.

Impairment of land and plots, ongoing real estate developments and finished products is recorded when their net realisable value is lower than their book value (note 15). The net realisable value is determined mainly on the basis of end-market references, by calculating the residual value of the land on the existing market value in the locality in which they are located and, where appropriate, when purchase offers have been received, the price of such offers has been used for their assessment.

The goods received through credit collection in exchange for work executed or to be executed are valued at the lowest amount from between the amount that was registered for the credit corresponding to the goods received, or the cost of production or net realisable value.

### k) Foreign currency

#### k.1) Translation differences

Converting the financial statements of foreign companies denominated in currencies other than the euro into euros has generally been carried out at the closing rate, except for:

- Capital and reserves, which were converted at historical exchange rates.
- The income statement items of foreign operations that were converted at the average exchange rates for the period.

Translation differences for the foreign companies from the consolidation scope, generated by the application of the year-end exchange rate method, are included in the equity of the accompanying consolidated balance sheet, as shown in the accompanying statement of changes in the equity.

#### k.2) Exchange differences

The balances of accounts receivable and payable from monetary items in foreign currency are valued in euros by applying the exchange rates in force at the date of the consolidated balance sheet, allocating the differences that are generated to profit/(loss), except as regarding advances, which, when considered non-monetary items, are kept converted at the exchange rate that existed at the time of the transaction.

The differences resulting from fluctuations in exchange rates between the date on which the collection or payment was made and the date on which the transactions took place or their value was discounted are allocated to profit or loss.

Meanwhile, the exchange differences that occur in relation to the financing of investments in foreign companies, with both the investment and the financing being registered in the same currency, are directly recognised in equity as translation differences that offset the effect of the difference in conversion to euros of the foreign company.

#### l) Equity instruments

Equity or capital instruments are recorded for the amount received, net of direct issuance costs.

The treasury shares acquired by the Parent Company during the year are recognised at the value of the consideration given, as a decrease in equity. Any gains or losses on the purchase, sale, issue or redemption of own equity instruments are recognised directly in equity and never in the profit and loss statement.

#### m) Grants

Grants are recognised according to their nature.

##### m.1) Capital grants

Capital grants are those that involve the acquisition or construction of assets. These grants are measured at the amount received or the fair value of the asset received; they are recognised as deferred income on the liability side of the accompanying consolidated balance sheet and are taken to income as the asset or assets to which they relate are depreciated.

##### m.2) Operating subsidies

Operating grants are those other than those defined above that do not relate directly to an asset or group of assets. Operating income is considered the amount received at the time of its concession, except if it is granted to finance specific expenses, in which case its allocation to profit/(loss) will be made as those expenses accrue.

#### n) Provisions

The Group companies recognise provisions on the liability side of the accompanying consolidated balance sheet for present obligations arising from past events for which the companies consider it probable that there will be an outflow of funds to settle them on maturity.

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate, at the date of the accompanying financial statements, of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value has an impact on financial profit/(loss).

Provisions for dismantling, removal or restoration and environmental provisions are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when operation of the asset ceases. Profit or loss is affected when the asset concerned is depreciated as described in previous sections of this Note and by the discounted present value as described in the preceding paragraph.

In addition, some Group companies provide provisions for restructuring costs when there is a detailed formal plan for such restructuring that has been communicated to the affected parties. As at 31 December 2021 no liabilities of a substantial amount have been recognised for this item.

Provisions are classified as current or non-current in the accompanying consolidated balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the normal operating cycle of the activity giving rise to the provision.

#### **o) Financial liabilities**

Financial liabilities are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These financial liabilities are subsequently measured at amortised cost.

Borrowing costs are recognised on an accrual basis in the income statement using the effective interest method and are added to the amount of the instrument to the extent that they are not settled in the year in which they arise.

Bank borrowings and other current and non-current financial liabilities maturing within no more than twelve months from the balance sheet date are classified as current liabilities and those maturing within more than twelve months as non-current liabilities.

#### **p) Financial derivatives and hedge accounting**

A financial derivative is a financial instrument or another type of contract whose value varies in response to changes in certain variables, such as an interest rate, financial instrument price, foreign exchange rate, credit rating or credit index or any other variable that may not be financial.

Apart from giving rise to gains or losses, financial derivatives may, under certain conditions, fully or partially offset foreign currency or interest rate risks or risks relating to the value associated with balances and transactions. Hedges are accounted for as follows:

- Cash flow hedges: in hedges of this type, the changes in value of the hedging instrument are recognised provisionally under equity, and are taken to income when the hedged item materialises.
- Fair value hedges: in this case, changes in the value of the hedging instrument are recognised in income by offsetting changes in the fair value of the hedged item.
- Hedges of a net investment in a foreign operation: this type of hedges are aimed at covering foreign currency risk and are treated as cash flow hedges.



IFRS 9 “Financial Instruments” states that an effectiveness test must be performed, consisting of a qualitative assessment of the financial derivative to determine whether it can be considered to be a hedging instrument and, therefore, effective.

The qualitative requirements that must be met are as follows:

- Formal designation and documentation, at inception of the hedge, of the hedging relationship and the entity’s risk management objective and strategy for undertaking the hedge.
- Documentation identifying the hedged item, the hedging instrument and the nature of the risk being hedged.
- The effectiveness requirements must be met. This means that there is a financial relationship between the hedged item and the hedging instrument such that both generally move in opposite directions upon the occurrence of the hedged risk. Credit risk must not have a dominant effect on the changes in the value of the hedged items and the hedging ratio must be equivalent to the percentage of the exposure to the covered risk.

The hedge is considered to be fully effective provided that the qualitative effectiveness test shows that it complies with those criteria. If not, the hedge would cease to be treated as a hedge and the hedge relationship would cease, recognising the derivative at its fair value through changes in profit or loss.

A quantitative analysis that will determine how the instruments are recognised takes place after their effectiveness has been assessed. This quantitative analysis consists of a retrospective portion for purely accounting purposes and another prospective portion intended to analyse any possible future deviations relating to the hedge.

The retrospective assessment analysis is adapted to the type of the hedge and the nature of the instruments used, and all of the financial derivatives contracted by the Group consist of cash flow hedges (note 23):

- In the case of interest rate swaps (IRSs) in Cash flow hedges, the Group charges a variable rate equal to that of the hedged borrowings and pays a fixed rate, since the objective is to reduce the variability of the borrowing costs, the effectiveness test determines whether changes in the fair value of the IRS cash flows offset changes in the fair value of the hedged risk.

The hypothetical derivative method is used for accounting purposes when performing the quantitative assessment of effectiveness, which establishes that the company will recognise in equity the lower of the absolute change in the value of the hypothetical derivative (hedged position) and the change in the value of the contracted derivative. The difference between the value of the recognised change in equity and the fair value of the derivative on the date of the effectiveness test will be considered to be the ineffective portion and it will be directly recorded in the income statement.

A distinction must be made between the designated portion and the non-designated portion of cash flow hedges in which the derivative hedge instrument is an option or a forward and not an IRS:

- The treatment of the designated portion will be similar to that indicated for IRSs.
- The fair value of the non-designated portion (forward points or the temporary value of the options) will be recognised in other comprehensive income when related to the hedged portion and will be accumulated in a separate component of equity. This amount will be reclassified from the separate component of equity to the income statement for

the period as a reclassification adjustment in the same period or periods in which the expected future cash flow hedges affect results for the period (for example, when a planned sale takes place).

Changes in the fair value of financial derivatives that do not qualify for hedge accounting are recognised in the consolidated income statement as they arise.

The value is calculated using defined methods and techniques based on observable market inputs, such as:

- The interest rate swaps were measured by discounting all the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule. This measurement was made using the zero-coupon rate curve determined by employing a bootstrapping process for the deposits and swaps traded at any given time. This zero-coupon rate curve was used to obtain the discount factors for the measurements, which were made assuming the absence of arbitrage opportunity (AAO). When there were caps and floors or combinations thereof, on occasions conditional upon special conditions being met, the interest rates used were the same as those used for the swaps, although in order to introduce the component of randomness in the exercise of the options, the generally accepted Black - Scholes model was used.
- The methodology used in the case of a cash flow hedge derivative associated with inflation is very similar to that used for interest rate swaps. Expected inflation is estimated based on observed inflation and is embedded in the swaps indexed to the ex-tobacco European inflation rate used in the market, and translated to the Spanish rate using a convergence adjustment.

Furthermore, a sensitivity test is carried out on the derivatives and net financial debt in order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's accounts, given different interest rate increase and decrease scenarios at year-end (note 30).

Note 23 to this Report provides details of the financial derivatives that the Group has arranged and other matters related thereto.

#### q) Income tax

The expense for corporate income tax is calculated on the basis of the consolidated profit before tax, increased or decreased, as appropriate, by the permanent differences between tax loss/taxable profit and accounting profit/(loss). The corresponding tax rate based on the legislation applicable to each country is applied to this adjusted accounting profit. The tax relief and tax credits earned in the year are deducted and the positive or negative differences between the estimated tax charge calculated for the prior year's accounting close and the subsequent tax settlement at the payment date are added to or deducted from the resulting tax charge.

The temporary differences between accounting profit/loss and taxable profit/tax loss for Corporate Income Tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the consolidated balance sheet and their tax bases, give rise to deferred taxes that are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the years in which they will foreseeably be reversed, without performing financial discounting at any time.

The Group activates deferred asset taxes corresponding to temporary differences and negative tax bases to be offset, except in cases where there are reasonable doubts about their future recovery.

#### r) Pension commitments

The Group companies have certain specific cases related to pension plans and similar obligations that are developed in Note 25 of this Report.

#### s) Operating income and expenses

Revenue is recognised when the control of the good or service is transferred to the customer, in general, only when there is approval from the customer applying a homogeneous method to contracts of a similar nature. Revenues are valued at the expected amount of the consideration that is to be received that can be estimated reliably and that is not expected to be reversed in the future. After analysing its portfolio of contracts, the Group has concluded that, except in very specific cases, there is no more than one performance obligation in the contracts being executed, since either integration services are provided for the different activities carried out, or because they are highly interrelated.

As regards variable consideration, only one income is recognised for the value, and it is highly probable that it will not suffer significant reversion when the uncertainty about it is subsequently resolved. Also, in the case that the contracts include price revision clauses, the income that represents the best estimate of the amount to be charged in the future and under the same probability criteria mentioned for the variable consideration is recorded.

In general, the Group has not identified significant financial components in its contracts with customers. The financial component is only separated from the consideration to be received and the corresponding financial income is recorded in those contracts in which the time between when a service is provided or a good is delivered and when the payment is received is greater than twelve months.

In the construction activity, performance obligations are paid over time, so revenue is recognised using a product-based method, i.e. that is in-line with the degree of progress criterion. Only income that is protected by a main contract signed with the property and in modifications thereto approved by it is recognised. If the modification is approved without the amount being fixed, the income is only estimated as a variable consideration when the criteria of probability and significant non-reversal mentioned above are met. Budgeted losses are recognised as profit/(loss) for the year.

Meanwhile, in this activity the costs are recognised in accounts according to their accrual. The costs for obtaining the contract, mainly related to the study and preparation of the project, are not activated as they cannot be considered as incremental, since they are incurred regardless of whether the contract is finally obtained or not. Two main costs for fulfilling the contract can be distinguished: engineering and study costs and those related to general and specific facilities (mainly accessory facilities such as concrete plants, auxiliary works or building booths necessary to provide the services). The main contracts in which the aforementioned expenses are incurred are of the design and construction type, in which the remuneration to be received for the work to be carried out in engineering and studies and those of the benefit is identified by separate work units of construction services. Therefore, in general, the expenses derived from engineering and studies are not activated and are recognised in accordance with their accrual as services are rendered. Costs related to the general and specific facilities are recorded as expenses according to the degree of progress when a separate works unit with its corresponding remuneration is identified in the contract, and assets are only activated within the heading when the contract does not identify them separately, and profit/(loss) is charged together with the rest of the contract costs using the aforementioned degree of progress.

In the service provision activities, which are mainly carried out in the Environmental Services, End-to-end Water Management and Real Estate segments when the Group acts as lessor under lease agreements, income and expenses are recognised on an accrual basis, i.e. when the actual flow of the goods and services they represent occurs, regardless of when the resulting monetary or financial flow arises. These

are performance obligations that are satisfied over time as the customer receives and consumes the profits at the same time as the service is provided. Consequently, revenue is recognised by measuring the value of the services actually provided to the customer using a product-based method.

Regarding the delivery of goods activities that the Group mainly carries out in the Cement segment and in the Real estate activity, revenues are only recognised when the goods have been delivered and their property has been transferred to the customer, as they are performance obligations that are satisfied at a specific moment of time.

In the Real Estate activity, the Group recognises the costs passed on to tenants of its investment property as income under "Other operating income" in the accompanying consolidated income statement (note 10.b).

In the aforementioned activities (other than construction), the costs of obtaining the contract are not incremental, so they are not activated and are recognised based on their accrual. Meanwhile, no relevant contract fulfilment costs are incurred and are therefore recorded as operating expenses in general.

With regard to the service concession agreements, it should be noted that the Group recognises the interest income derived from the collection rights of the financial model as net turnover, since the value of this financial asset includes both construction and maintenance and upkeep services, which from an operational point of view are identical to those represented by the intangible model and, consequently, it is considered that since both models are related to the company's operating activity, the true and fair view is better represented by including the income derived from the financial asset as belonging to operations (note 3. a).

Also recognised as operating profit/(loss) are those produced in the disposals of shares in subsidiaries when it implies the loss of control over them.

#### **t) Related-party transactions**

The Group performs all of its transactions with related parties on an arm's length basis.

Note 31 of this Report details the main transactions with significant shareholders of the Parent Company, with administrators and senior executives, between companies or Group entities and with companies invested in by shareholders of the Group.

#### **u) Consolidated statement of cash flows**

The FCC Group prepares its statement of cash flows in accordance with IAS 7 "Statement of cash flows" following the indirect method, using the expressions below in the following ways:

- Cash flows are the inflows and outflows of cash and cash equivalents.
- Operating activities are the activities that constitute the main source of the company's ordinary income, and also other activities that cannot be classified as investment or financing activities. Among the operating cash flows, it is worth highlighting the heading "Other adjustments to profit/(loss)" which basically includes items that are included in the Profit/(Loss) Before Tax but have no impact on the change in cash, as well as items that are already included in other headings of the Cash Flow Statement according to their nature.
- Investing activities are the acquisition and disposal of long-term assets, as well as other investments not included in cash and cash equivalents.

- Financing activities are the activities that generate changes in the size and composition of own capital and loans taken by out the company.

For the purposes of preparing the consolidated statements of cash flows, the “cash and cash equivalents” have been considered as cash and on-demand bank deposits, as well as those short-term, highly liquid investments, which are easily convertible into specific amounts of cash, subject to an insignificant risk of changes in their value.

#### v) Use of estimates

In preparing these 2021 and 2020 Group consolidated financial statements, estimates were made to quantify certain assets, liabilities, revenues, expenses and obligations recognised therein. These estimates relate essentially to the following:

- Impairment losses on certain assets (Notes 7, 8, 9, 12 and 14)
- Goodwill measurement (note 7)
- The recoverability of the work executed pending certification (notes 3.s and 16)
- The recoverability of deferred tax assets (note 24)
- The amount of certain provisions and, in particular, those related to claims and litigation and the losses budgeted in construction contracts (note 19)
- The useful life of PP&E and intangible assets (see Notes 7 and 8)
- The determination of the fair value of investment property (note 9)
- The determination of the recoverable amount of inventory (note 15)
- The assumptions used in the actuarial calculation of liabilities and commitments for post-employment compensation (notes 19 and 25)
- The market value of derivatives (note 23)
- Cost of business combinations (note 5)

Although these estimates have been made based on the best information available at the date of preparing these consolidated financial statements on the events analysed, it is possible that events that may take place in the future may require them to be modified (upwards or downwards) in future years, which would be done prospectively, recognising the effects of the change in estimate in the corresponding future financial statements.

IFRS 7 “Financial instruments: information to be disclosed” requires that the fair value valuations of financial instruments, both assets and liabilities, be classified according to the relevance of the variables used in the valuation, establishing the following hierarchy:

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

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

#### x) Non-current assets and related liabilities held for sale

Assets and liabilities whose book value is recovered through a sale transaction and not through continued use are classified as non-current assets held for sale and liabilities related to non-current assets held for sale. This condition is considered fulfilled only when the sale is highly probable and the asset is available for immediate sale in its current state and it is estimated that it will be completed within a period of one year from the classification date.

Non-current assets and related liabilities classified as held for sale are valued at the lower of their book value and fair value less expected selling costs.

#### 4. NON-CURRENT ASSETS HELD FOR SALE AND LIABILITIES RELATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets with sales plans that also meet the requirements of International Financial Reporting Standard 5 “Non-current assets held for sale and discontinued operations” (note 3.x) are reclassified to this item in the accompanying consolidated balance sheet.

In 2021, there are no assets held for sale and no liabilities linked to non-current assets held for sale.

In 2020, FCC agreed to sell its entire stake in three concessions located in Spain to Vauban Infrastructure Partners, a non-Group company, as part of its policy of rotation and selective development of projects in this activity. Specifically, the agreement signed included the transfer of 51% in Grupo Cedinsa, the controlled company that manages the concession of four motorways in Catalonia, and 49% in Concessió Estacions Aeroport L9, S.A. (consolidated by the equity method), concessionaire of section 1 of line 9 of the Barcelona metro and 29% in Urbs Iudex et Causidicus, SA (consolidated by the equity method), which is operated by Ciudad de la Justicia, also in Barcelona. The transaction was completed in March and April 2021 for €377,138 thousand. After deducting the dividends received following the sale agreement.

Assets held for sale, net of their liabilities, have been assessed at their carrying amount, which is lower than the expected proceeds from their sale net of costs to sell.

The following sections detail the main headings that constitute the results, cash flows and the balance sheet, corresponding to the assets and liabilities held for sale. The sale of these companies does not imply the discontinuation of the FCC Group's concessions activity, which is why the results continue to be presented by their nature in the consolidated income statement.

##### Profit and Loss Account

The breakdown by nature of the profit after tax of the companies whose assets and liabilities have been reclassified as assets and liabilities held for sale is as follows:

2020	Total	Cedinsa Group	Concessió Estacions Aeroport L9, S.A.	Urbs Iudex et Causidicus, S.A.
Net business turnover	92,913	92,913	-	-
Operating expenses	(47,951)	(47,951)	-	-
<b>Operating Profit/(Loss)</b>	<b>44,962</b>	<b>44,962</b>	-	-
<b>Profit/(loss) before tax from continuing operations</b>	<b>34,524</b>	<b>19,518</b>	<b>12,789</b>	<b>2,217</b>
Corporate income tax	(5,523)	(5,523)	-	-
<b>Profit/(loss) for the year from continuing operations</b>	<b>29,001</b>	<b>13,995</b>	<b>12,789</b>	<b>2,217</b>
Profit attributable to the parent company	<b>24,390</b>	<b>9,384</b>	<b>12,789</b>	<b>2,217</b>
Profit attributable to non-controlling interests	<b>4,611</b>	<b>4,611</b>	-	-

### Cash flow statement

The statement of cash flows corresponding to companies whose assets and liabilities have been reclassified as assets and liabilities held for sale is as follows:

2020	Cedinsa Group
Profit/(loss) before tax from continuing operations	19,518
Adjustments to profit	65,535
Changes in working capital	13,211
Other cash flows from operating activities	(10,222)
<b>Cash flow from business activities</b>	<b>88,042</b>
Investment payments	(8,616)
Divestment receipts	6,058
Other cash flows from investing activities	-
<b>Cash flow from investment activities</b>	<b>(2,558)</b>
Proceeds from and payments for equity instruments	-
Proceeds from (payments on) financial liabilities	(26,771)
Other cash flows from financing activities	(61,871)
<b>Cash flows for financial activities</b>	<b>(88,642)</b>
<b>Total cash flows</b>	<b>(3,158)</b>

### Balance sheet. Headings of non-current assets and liabilities held for sale

The different assets and liabilities reclassified as held for sale under the respective headings of the attached balance sheet are detailed below:

2020	Total	Cedinsa Group	Concessió Estacions Aeroport L9, S.A.	Urbs Iudex et Causidicus, S.A.
Intangible fixed assets	1,016,607	1,016,607	-	-
Property, plant and equipment	651	651	-	-
Non-current financial assets	305,541	234,152	70,249	1,140
Deferred tax assets	14,638	14,638	-	-
Current assets	54,831	54,831	-	-
<b>Non-current assets held for sale</b>	<b>1,392,268</b>	<b>1,320,879</b>	<b>70,249</b>	<b>1,140</b>
Non-current financial liabilities	848,499	848,499	-	-
Rest of non-current liabilities	159,404	159,404	-	-
Current financial liabilities	31,771	31,771	-	-
Rest of current liabilities	11,611	11,611	-	-
<b>Liabilities relating to assets held for sale</b>	<b>1,051,285</b>	<b>1,051,285</b>	-	-

## 5. CHANGES IN THE SCOPE OF CONSOLIDATION

The main changes experienced in the scope of consolidation in 2021 are the following:

### a) Business combinations

- In October 2021, FCyC, S.L. acquired a stake in Realia Business, S.A., representing 13.12% of the share capital, in addition to the 37.40% previously held. The aforementioned shareholding was acquired from Control Empresarial de Capitales, S.A. de C.V. (note 31) for an amount of €83,941 thousand, which has been recorded under the heading "Payments for investments" in the accompanying cash flow statement. As a result of the aforementioned transaction, the FCC Group has gained control of the aforementioned company, recording a positive operating profit of €241,701 thousand in the business combination (note 27), as the consideration paid was less than the fair value of the assets acquired. In addition, a negative result of €58,158 thousand was recorded under "Profit/(loss) of entities valued using the equity method" as a result of the fair value of the stake held by the aforementioned company prior to the takeover (note 27).
- Additionally, the company Jezzine Uno, S.L.U., a commercial property rental company, was incorporated in October (note 31). This transaction was carried out by means of a non-cash capital increase in FCyC, S.L., fully subscribed by Soimob Inmobiliaria Española, S.A., a subsidiary of Control Empresarial de Capitales, S.A. de C.V. Consequently, Soimob Inmobiliaria Española, S.A. now holds 19.97% of the share capital of FCyC, S.L. (note 18).
- On 31 December 2021, the Environment division acquired 100% of Premier Waste Services, LLC. in the United States for €30,019 thousand. The amount paid has been recorded in the accompanying cash flow statement under "Payments for investments".



The composition of the balance sheets for business combinations is detailed below:

2021 Financial Year	Realia Business Group	Jezzine Uno, S.L.U.	Premier Waste Services, Ll.c.
<b>Non-current assets</b>	<b>1,651,725</b>	<b>608,859</b>	<b>30,350</b>
Intangible fixed assets	77	-	21,614
Property, plant and equipment	2,102	2	8,736
Investment property	1,470,575	600,404	-
Investments accounted for using the equity method	59,941	-	-
Non-current financial assets	9,526	5,263	-
Deferred tax assets	109,504	3,190	-
<b>Current assets</b>	<b>465,916</b>	<b>13,215</b>	<b>1,200</b>
Inventory	334,828	-	-
Trade and other receivables	16,668	305	980
Other current financial assets	21,060	-	-
Other current assets	4,796	-	132
Cash and cash equivalents	88,564	12,910	88
<b>Total assets</b>	<b>2,117,641</b>	<b>622,074</b>	<b>31,550</b>
<b>Equity</b>	<b>1,359,256</b>	<b>212,696</b>	<b>30,019</b>
<b>Non-current liabilities</b>	<b>711,928</b>	<b>381,251</b>	-
Subsidies	-	-	-
Non-current provisions	12,019	-	-
Non-current financial liabilities	515,937	320,950	-
Deferred tax liabilities	183,972	60,301	-
Other non-current liabilities	-	-	-
<b>Current liabilities</b>	<b>46,457</b>	<b>28,127</b>	<b>1,531</b>
Current provisions	293	-	-
Current financial liabilities	5,312	18,310	-
Trade and other payables	40,852	9,817	1,531
<b>Total equity and liabilities</b>	<b>2,117,641</b>	<b>622,074</b>	<b>31,550</b>

As a result of the aforementioned business combinations, the fair value of the assets acquired was determined. The following table shows the amounts allocated to assets and liabilities to reflect their fair value on the takeover date:

2021 Financial Year	Realia Business Group	Jezzine Uno, S.L.U.	Premier Waste Services, Ll.c.
Investment property	-	241,205	-
Inventory	28,000	-	-
<b>Total assignments to assets</b>	<b>28,000</b>	<b>241,205</b>	-
Non-current liabilities (deferred tax liabilities)	7,000	60,301	-
<b>Total assignments to liabilities</b>	<b>7,000</b>	<b>60,301</b>	-
<b>Total net assignments</b>	<b>21,000</b>	<b>180,904</b>	-

The reconciliation between the consideration transferred for each of the above business combinations, the value of non-controlling interests recognised and the fair value of the net assets acquired are provided below:

2021 Financial Year	Realia Business Group	Jezzine Uno, S.L.U.	Premier Waste Services, Ll.c.
Acquisition value	83,941	212,696	30,019
Fair value Minority interests acquired	547,445	-	-
Fair value previous interest	236,602	-	-
- Fair value net assets	(1,109,689)	(212,696)	(8,405)
<b>Goodwill</b>	<b>(241,701)</b>	<b>-</b>	<b>21,614</b>

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

2021	Realia Business Group	Jezzine Uno, S.L.U.	Premier Waste Services, Ll.c.
<b>Net business turnover</b>	<b>39,899</b>	<b>6,284</b>	-
Other income	3,005	350	-
<b>Operating Profit/(Loss)</b>	<b>27,659</b>	<b>6,176</b>	-
<b>Profit/(loss) before tax from continuing operations</b>	<b>26,081</b>	<b>5,450</b>	-
<b>Profit attributable to the parent company</b>	<b>7,632</b>	<b>3,272</b>	-
<b>Non-controlling interests</b>	<b>13,011</b>	<b>816</b>	-

If the above companies had been consolidated since 1 January 2021, revenues and profit/(loss) they would have contributed would have been as follows:

2021	Realia Business Group	Jezzine Uno, S.L.U.	Premier Waste Services, Ll.c.
<b>Net business turnover</b>	<b>161,815</b>	<b>37,743</b>	<b>16,066</b>
Other income	18,260	2,291	1,292
<b>Operating Profit/(Loss)</b>	<b>67,676</b>	<b>28,292</b>	<b>1,848</b>
<b>Profit/(loss) before tax from continuing operations</b>	<b>93,512</b>	<b>25,169</b>	<b>1,517</b>
<b>Profit attributable to the parent company</b>	<b>23,581</b>	<b>15,107</b>	<b>1,475</b>
<b>Non-controlling interests</b>	<b>47,843</b>	<b>3,770</b>	-

These initial estimates are provisional and the Group has a period of one year from the control date to adjust them in line with subsequent more relevant and complete information that it has been able to obtain.

The following business combinations were carried out in 2020:

FCC Aqualia, S.A. acquired control of the following businesses by acquiring the stakes detailed below:

- In January 2020, a 51% stake in Qatarat Saqia Desalination Company Ltd., the concessionaire of the desalination plant at Jeddah International Airport, for €12,914 thousand, acquiring control. The amount paid was recorded in the accompanying cash flow statement under “Payments for investments”.
- In June 2020, an additional 2% stake in Aquos El Realito, S.A. de C.V., a company that operates a water treatment plant in San Luis de Potosí, for €355 thousand, in which it previously held 49% and consolidated using the equity method, bringing its stake and control to 51%. Consequently, Aquos el Realito, S.A. de C.V. was fully consolidated, which entailed the recognition of €8,671 thousand under “Minority interests” (note 18) in the accompanying consolidated balance sheet. As a result of the transaction, a positive impact of €635 thousand was recognised under “Profit/(loss) of entities valued using the equity method” due to the fair value of the pre-transaction shareholdings and the recognition in profit or loss of the assessment adjustments (note 27).

The composition of the balance sheets drawn up by the business combinations in 2020 is detailed below:

2020 Financial Year	Qatarat Saqia Desalination Company Ltd.	Aquos el Realito, S.A. de C.V.
<b>Non-current assets</b>	<b>54,097</b>	<b>76,181</b>
Intangible fixed assets	53,906	24,645
Property, plant and equipment	191	8
Investments accounted for using the equity method	-	-
Non-current financial assets	-	51,071
Deferred tax assets	-	457
<b>Current assets</b>	<b>16,565</b>	<b>15,160</b>
Inventory	17	-
Trade and other receivables	10,189	3,128
Other current financial assets	-	4,823
Other current assets	-	-
Cash and cash equivalents	6,359	7,209
<b>Total assets</b>	<b>70,662</b>	<b>91,341</b>
<b>Equity</b>	<b>25,321</b>	<b>17,697</b>
<b>Non-current liabilities</b>	<b>38,110</b>	<b>65,616</b>
Subsidies	-	-
Non-current provisions	64	-
Non-current financial liabilities	35,730	53,603
Deferred tax liabilities	2,316	12,013
Other non-current liabilities	-	-
<b>Current liabilities</b>	<b>7,231</b>	<b>8,028</b>
Current provisions	-	-
Current financial liabilities	-	3,643
Trade and other payables	7,231	4,385
<b>Total equity and liabilities</b>	<b>70,662</b>	<b>91,341</b>

As a result of the aforementioned business combinations, the fair value of the acquired assets was determined, as all of these companies operate concessions, and the fair value of the concession-based assets was determined applying the discount at a market rate for the cash flows estimated during the

time horizon of the concessions currently in force. These flows were estimated internally based on the Group's past experience, based, as applicable, on the Financial and Economic Plans of the concessions, applying the assumptions and appropriate macroeconomic variables in each case. The following table shows the amounts allocated to assets and liabilities to reflect their fair value on the takeover date:

2020 Financial Year	Qatarat Saqia Desalination Company Ltd.	Aquos el Realito, S.A. de C.V.
Intangible fixed assets	11,578	9,522
Property, plant and equipment	-	-
Non-current financial assets	-	-
<b>Total assignments to assets</b>	<b>11,578</b>	<b>9,522</b>
Non-current liabilities (deferred tax liabilities)	2,316	2,857
<b>Total assignments to liabilities</b>	<b>2,316</b>	<b>2,857</b>
<b>Total net assignments</b>	<b>9,262</b>	<b>6,665</b>

The reconciliation between the consideration transferred for each of the above business combinations, the value of non-controlling interests recognised and the fair value of the net assets acquired are provided below:

2020 Financial Year	Qatarat Saqia Desalination Company Ltd.	Aquos el Realito, S.A. de C.V.
Acquisition value	12,914	355
Fair value Minority interests acquired	12,407	8,671
Fair value previous interest	-	8,671
- Fair value net assets	(25,321)	(17,697)
<b>Goodwill</b>	<b>-</b>	<b>-</b>

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

2020	Qatarat Saqia Desalination Company Ltd.	Aquos el Realito, S.A. de C.V.
<b>Net business turnover</b>	<b>15,817</b>	<b>8,577</b>
Other income	-	-
<b>Operating Profit/(Loss)</b>	<b>4,928</b>	<b>3,881</b>
<b>Profit/(loss) before tax from continuing operations</b>	<b>6,692</b>	<b>1,192</b>
<b>Profit attributable to the parent company</b>	<b>703</b>	<b>363</b>
<b>Non-controlling interests</b>	<b>2,001</b>	<b>1,226</b>

If the above companies had been consolidated since 1 January 2020, the ordinary income and profit/(loss) they would have contributed would be as follows:

2020	Qatarat Saqia Desalination Company Ltd.	Aquos el Realito, S.A. de C.V.
<b>Net business turnover</b>	<b>15,817</b>	<b>14,325</b>
Other income	-	-
<b>Operating Profit/(Loss)</b>	<b>4,928</b>	<b>3,902</b>
<b>Profit/(loss) before tax from continuing operations</b>	<b>6,692</b>	<b>(16)</b>
<b>Profit attributable to the parent company</b>	<b>703</b>	<b>39</b>
<b>Non-controlling interests</b>	<b>2,001</b>	<b>111</b>

### b) Other changes in scope

In March and April 2021, the sale to Vauban Infrastructure Partners, a non-Group company, of the FCC Group's entire interest in three concessions located in Spain was completed for €377,138 thousand (note 4), which was recognised under "Proceeds from disposals of investments in Group companies, associates and business units" in the accompanying cash flow statement. Specifically, 51% of the Cedinsa group, a controlled company that manages the concession of four motorways in Catalonia, and 49% of Concessió Estacions Aeroport L9, S.A. were sold. (consolidated by the equity method), concessionaire of section 1 of line 9 of the Barcelona metro, and 29% of Urbs Iudex et Causidicus, S.A. (consolidated by the equity method), which operates the Ciudad de la Justicia (City of Justice), also in Barcelona. This transaction gave rise to a pre-tax profit before tax of €39,256 thousand for the FCC Group, which includes the allocation to income of value adjustments for a sum of €(93,029) thousand (note 27).

In April 2021, the Group agreed to sell FM Green Power Investments, S.L. and its investee companies to Plenium Partners, S.L. As a result of the aforementioned sales, the Group received €93,000 thousand, which was recognised under "Proceeds from Disposals of Group Companies, Associates and Business Units" in the accompanying cash flow statement, and a current financial asset of €5,000 thousand for the amount receivable at 31 December 2021. This transaction gave rise to a gain of €39,464 thousand for the FCC Group under "Profit/(loss) of entities valued using the equity method" in the accompanying consolidated income statement (refer to note 27).

On 21 December 2021, the Realia Group, through its subsidiary Realia Patrimonio, S.L.U., acquired an additional 37.11% stake in Hermanos Revilla, S.A. for €189,061 thousand, which is recognised in the accompanying cash flow statement under "Proceeds and payments for equity instruments". With this acquisition, the Realia Group's direct and indirect shareholding in the aforementioned company amounts to 87.76%. Since prior to the acquisition, the Group already had control of both investees, the difference between the purchase price and the book value of the minority interests acquired has generated a decrease in reserves of €2,946 thousand (note 18).

In relation to 2020, in July, FCC Medio Ambiente UK, S.L. agreed the sale to Icon Infrastructure Partners of a minority stake of 49% of the capital of its new subsidiary Green Recovery Projects Limited, owner of five energy recovery plants (incinerators) following the corporate reorganisation undertaken by the Environment area in the United Kingdom. The transaction was completed in November for an amount of €188,403 thousand, which was recorded under the heading "(Acquisition)/Disposal of own securities" in the accompanying cash flow statement. As control was not lost, the transaction was recorded as an equity transaction and resulted in the recording of €60,718 thousand under "Minority interests" and €74,215 thousand in reserves as a result of the difference between the sale price and the value of the minority interests recorded. In addition, the assessment adjustments increased by

€55,300 thousand due to the attribution of the proportionate share to minority interests of the aforementioned existing adjustments prior to the sale transaction (note 18).

## 6. DISTRIBUTION OF PROFIT

Fomento de Construcciones y Contratas, S.A. distributed a scrip dividend in 2021 and 2020, resulting in a cash outflow of €9,631 thousand (€12,436 thousand in 2020) and the delivery of 16,067,018 shares (16,841,792 shares in 2020) (note 18). Additionally, certain subsidiaries with minority partners have distributed dividends.

The following table shows the dividends paid to its shareholders by the Group companies as of 31 December 2021 and 2020:

	2021	2020
Shareholders of Fomento de Construcciones y Contratas, S.A.	9,631	12,436
Other non-controlling shareholders of other companies	53,519	24,207
	<b>63,150</b>	<b>36,643</b>

The increase in the line “Other minority shareholders of other companies” relates mainly to the payment of dividends to the minority shareholder of FCC Aqualia, S.A. amounting to €29,400 thousand at 31 December 2021. In 2020 FCC Aqualia, S.A. did not distribute dividends.

## 7. INTANGIBLE ASSETS

The breakdown of net intangible assets at 31 December 2021 and 2020 is as follows:

	Cost	Accumulated amortisation	Impairment	Net value
<b>2021</b>				
Concessions (Note 11)	2,718,925	(1,224,776)	(54,443)	1,439,706
Goodwill	1,922,704	-	(973,728)	948,976
Other intangible assets	378,188	(305,143)	(16,494)	56,551
	<b>5,019,817</b>	<b>(1,529,919)</b>	<b>(1,044,665)</b>	<b>2,445,233</b>
<b>2020</b>				
Concessions (Note 11)	2,549,048	(1,115,658)	(55,230)	1,378,160
Goodwill	1,854,133	-	(847,118)	1,007,015
Other intangible assets	360,060	(292,218)	(15,158)	52,684
	<b>4,763,241</b>	<b>(1,407,876)</b>	<b>(917,506)</b>	<b>2,437,859</b>

### a) Concessions

The changes in this heading of the consolidated balance sheet in 2021 and 2020 were as follows:

	Concessions	Accumulated Depreciation	Impairment	Net value
<b>Balance at 31 December 2019</b>	<b>3,680,629</b>	<b>(1,249,755)</b>	<b>(56,254)</b>	<b>2,374,620</b>
Additions or allocations	106,578	(137,591)	(97)	(31,110)
Disposals, derecognitions or reductions	(29,368)	6,901	1,121	(21,346)
Translation differences	(61,806)	7,219	-	(54,587)
Change in scope, transfers and other changes	(1,146,985)	257,568	-	(889,417)
<b>Balance at 31 December 2020</b>	<b>2,549,048</b>	<b>(1,115,658)</b>	<b>(55,230)</b>	<b>1,378,160</b>
Additions or allocations	60,984	(109,918)	(144)	(49,078)
Disposals, derecognitions or reductions	(11,314)	6,715	1,052	(3,547)
Translation differences	29,597	(4,875)	2	24,724
Change in scope, transfers and other changes	90,610	(1,040)	(123)	89,447
<b>Balance at 31 December 2021</b>	<b>2,718,925</b>	<b>(1,224,776)</b>	<b>(54,443)</b>	<b>1,439,706</b>

This heading includes the intangible assets corresponding to the service concession arrangements (note 11).

The most significant entries in 2021 within the Environmental Services segment relate to projects in progress carried out by Ecoparque Mancomunidad del Este S.A. for €23,763 thousand (€52,226 thousand in 2020) and FCC Medio Ambiente, S.A. for €17,878 thousand (€8,231 thousand in 2020) and, within the Integral Water Management segment, to Acque di Caltanissetta, S.P.A. for €17,878 thousand (€8,231 thousand in 2020). for €17,878 thousand (€8,231 thousand in 2020) and, within the End-to-end Water Management segment, Acque di Caltanissetta, S.P.A. for €5,846 thousand (€4,155 thousand in 2020) and FCC Aqualia, S.A. for €7,350 thousand (€2,851 thousand in 2020).

Changes in scope, transfers and other movements in the service concession agreements in 2021 include the recognition of future investment commitments included in the tariff as an increase in the value of intangible assets with a balancing entry in provisions (note 11) in the company FCC Aqualia, S.A. amounting to €76,306 thousand (€2,629 thousand in 2020)

Changes in scope, transfers and other movements in 2020 also includes a decrease due to the transfer to assets held for sale of the Cedinsa subgroup (note 4) amounting to €1,308,452 thousand gross value and accumulated depreciation of 291,291,847 thousand euros of accumulated depreciation, and an increase due to the acquisition of Qatarat Saqia Desalination Company Ltd. amounting to €76,514 thousand gross value and €22,608 thousand of accumulated depreciation (notes 5 and 12).

Cash inflows and outflows are recorded in the accompanying cash flow statement as “Payments for investments” and “Proceeds from disposals” of “Property, plant and equipment, intangible assets and investment property” respectively.

No interest has been capitalised during business year 2021 (as it was not capitalised in 2020) and the total capitalised interest amounts to €36,970 thousand (€43,848 thousand in 2020).

## b) Goodwill

The breakdown of goodwill in the accompanying consolidated balance sheet at 31 December 2021 and 2020 was as follows:

	2021	2020
Cementos Portland Valderrivas, S.A.	339,386	439,386
FCC Environment Group (UK)	310,586	290,290
FCC Environment Group (CEE)	136,793	136,793
FCC Aqualia, S.A.	82,764	82,764
FCC Ámbito, S.A.	23,311	23,311
FCC Industrial e Infraestructuras Energéticas, S.L.U.	21,499	21,499
Premier Waste Services, Ll.	21,614	-
Canteras de Aláiz, S.A.	4,332	4,332
Cementos Alfa, S.A	3,712	3,712
Rest	4,979	4,928
	<b>948,976</b>	<b>1,007,015</b>

The movements of goodwill in the attached consolidated balance sheet in 2021 and 2020 were as follows:

<b>Balance at 31 December 2019</b>		<b>1,023,511</b>
<b>Exchange differences, change in consolidation scope and others:</b>		
FCC Environment Group (UK)	(16,455)	
Rest	<u>(41)</u>	<u>(16,496)</u>
<b>Balance at 31 December 2020</b>		<b>1,007,015</b>
<b>Exchange differences, change in consolidation scope and others:</b>		
FCC Environment Group (UK)	20,296	
Premier Waste Services, Ll.	21,614	
Cementos Portland Valderrivas, S.A.	(100,000)	
Rest	51	(58,039)
<b>Balance at 31 December 2021</b>		<b>948,976</b>

The item “Changes in the scope of consolidation, translation differences and other movements” in 2021 mainly relates to the impairment of goodwill of Cementos Portland Valderrivas, S.A. amounting to €100,000 thousand, the acquisition of Premier Waste Services, Ll. in the Environmental Services segment amounting to €19,949 thousand and the effect of the appreciation of the pound sterling against the euro (depreciation of the pound sterling in 2020).

The impairment analysis policies applied by the Group to its goodwill are described in Note 3.b). Based on the methods used and on the estimates, projections and assessments available to Group management, no impairment losses in addition to the impairment referred to in the preceding paragraph have been identified.

The estimates made and the sensitivity analysis of the most significant goodwill impairment tests are discussed below.



It should be noted that in preparing the impairment tests, cash flows have been estimated on the basis of Group management's best estimates and that upward or downward variations in the key assumptions considered, both in the discount rate and operating margins, among other factors, may affect the recoverable amount of the cash-generating unit considered.

### Cementos Portland Valderrivas

Composed of two separately identifiable goodwill items recorded in the individual books of Cementos Portland Valderrivas, S.A.:

- one arising from the merger by absorption of the parent company of the Corporación Uniland Group and some of its subsidiaries for an amount of €225,881 thousand,
- €113,505 thousand corresponding to the cash generating unit (CGU) comprising the Alcalá de Guadaíra factory.

The main hypotheses used in each of the impairment tests of the two previous CGUs are described below:

#### 1) Corporación Uniland

The shareholding in Uniland was acquired in several stages between 2006 and 2013, until 100% of the shareholding was acquired for a total amount of €1,898,973 thousand.

An impairment of goodwill associated with the above purchases amounting to €239,026 thousand was recorded in 2011 as a result of the sharp market contraction in the cement sector, which was not expected to recover in the short to medium term. An additional impairment of €187,191 thousand was recognised in 2016 and in 2019 the impairment test was updated to take into account the slower growth in cement consumption, largely as a result of the slowdown in the real estate market, whereby future forecasts were adjusted to take into account uncertain demand scenarios and an additional impairment of €70,011 thousand was recognised.

During business year 2021 the Group has reassessed the impairment test, taking into account the current economic situation and market circumstances, which inevitably impact the projected cash flows. As a result of the assessment, an impairment loss of €100,000 thousand was recognised under "Impairment and gains/(losses) on disposal of fixed assets" in the accompanying consolidated income statement.

Instability in the global economy is the main characteristic of 2021. The health crisis caused by COVID-19 in 2020 has continued into 2021 and with it the economic consequences of successive waves of the virus. During the year, there has been a significant increase in the cost of maritime freight and, above all, in the gas, electricity and CO<sub>2</sub> markets. These increases have been passed on as supply chain disruptions on the one hand, and on the other hand are the main source of inflationary pressures that have been passed on to virtually all products and services.

The key hypotheses used in this test are detailed below:

Firstly, based on the historical information of the last 50 years in the cement industry, it is considered that the term that best reflects the life cycle of the cement market is ten years, a period used in the projections made.

Since Uniland operates in two clearly different geographic markets, various pre-tax discount rates have been used to assess flows from different countries. A pre-tax discount rate of 8.20%

has been used to evaluate goodwill from flows in Spain, and 21.85% for flows from Tunisia. The discount rates used in 2020 were 7.12% and 15.93% respectively. It should be noted that the flows for Spain represent a substantial part of the total contemplated in the test.

The Group bases its cash flow forecasts on historical data and on both internal future forecasts and future forecasts by external sectoral bodies. In the short term, the income forecasts considered in the impairment test are made according to estimates of cement consumption by Oficemen, the employer association of the sector, and internal estimates. For the medium and long term, the projections are prepared according to external projections of macroeconomic data on inflation and GDP (Bank of Spain, Funcas, Statista etc.) and historical trends.

According to information from Oficemen, the Spanish cement sector employers' association, cement consumption in 2021 has closed at 14.93 million tonnes, 11% higher than the figure for 2020. This volume is similar to that of 2019, the last year not affected by the pandemic. On the other hand, total exports (cement and clinker) have reached 6.78 million tonnes (6.16 million tonnes in 2020). By 2022, the employers' organisation estimates that consumption will close in a range of between 3% and 5%, exceeding 15 million tonnes.

Average electricity prices in 2021 have increased by 228% compared to the 2020 average, rising especially in the second half of the year. The price of CO<sub>2</sub> has also maintained the upward trend that began at the end of 2020, closing the year at record highs, with an average in the month of December at approximately 80 €/right.

In this context, in 2021 the Company has updated the flows of its "Business Plan" for the period 2022-2031 which serves as the basis for the calculation of the impairment tests in which the evolution of the cost of electricity, fuels and CO<sub>2</sub> are of significant importance.

For the Spanish market, the residual value assumed in the flow projections is calculated based on consumption considered sustainable, which is around 20-25 million tonnes, with no growth in perpetuity. The main inputs used for the determination of this consumption range are consistent with historical and expected series of relative weights of public works on GDP in Spain, as well as with the forecasts of the number of approvals for new housing that have been considered as standardised levels according to different sector reports. The cyclical nature of the sector is considered in this value, assuming that this level of long-term sustainable consumption would be the average of one cycle, in which the years of higher consumption would be offset by those with a lower consumption. The sustainable residual value considered is the average of the values of the last five years of the projections.

In Tunisia in 2021, the domestic market has reached 5.9 million tonnes, 2.5% higher than in 2020. High domestic political instability has kept consumption levels low. Despite the strong increase in exports during the year, exports were limited by the temporary closures of the border with Libya, the main export destination, due to the COVID-19 pandemic. By 2022, the domestic market is expected to grow by 1.6% to 6 million tonnes. The strategy focuses on volume growth in the domestic market and the consolidation of price increases made in recent years.

Costs are estimated on the basis of expected inflation, expectations of the evolution of fuel prices and the electricity market, and the strategy of increasing the valorisation of alternative fuels.

The variation in working capital included in the analysis for each of the years remains stable in the way it is calculated and is linked to the general evolution of the unit analysed.

The trend in investment is also linked to the general development of the activity analysed. The value of the investments reflected in the perpetuity rate presents the value that the

company estimates should be the target investments to be made in order to maintain the productive activity at the required sustainable level.

The cash flow estimates made with these inflation assumptions, the increase in costs associated with the greater environmental pressures that impact on the allowance allocation policy and its price, the increase in the price of energy and the increase in the discount rate considered, have resulted in the aforementioned impairment.

The main variables used in the test are listed below:

- Discounted flow period for Uniland Spain and Tunisia: 2022 to 2031
- Discount rate before taxes: 8.20% (Spain) and 21.85% (Tunisia)
- Growth in perpetuity: 0%
- Residual value on the recoverable amount of the CGU as a whole: 46.4%
- Compound annual growth rate Cement Market Spain (without CO2), terminal value for business year 2022:
  - o Turnover domestic market: 4.7%
  - o Export market turnover: -12.6%
  - o Gross Operating Profit: 6.5%
- Compound annual growth rate (in dinars) Tunisia Cement Market, terminal value over business year 2022:
  - o Turnover domestic market: 5.8%
  - o Export market turnover: 0%
  - o Gross Operating Profit: 5.0%

The result of this test is sensitive to variations in the key assumptions; a 10% increase in projected flows would result in a buffer on the already impaired value of approximately €61,790 thousand and a 10% decrease would result in an additional impairment of around €61,790 thousand. Furthermore, a 10% increase in the discount rate considered would result in an additional impairment of around €52,120 thousand and a 10% decrease in the already impaired value of approximately €63,428 thousand.

However, the Parent Company's management considers that the impairment recorded has adjusted the value of goodwill to its fair value according to the best estimates available at year-end.

## 2) Alcalá de Guadaira

The cement demand forecasts and the sector expectations, at the national level, described above for the Corporación Uniland goodwill are equally applicable to Cementos Atlántico.

The Alcalá de Guadaira factory continues to benefit from its geographical location to offset the decrease in the volume of the national market with a greater volume of exports.

The main variables used in the test are the following:

- Discount of flows period: 2022 to 2031
- Discount rate before taxes: 8.18%
- Growth in perpetuity: 0%
- Residual value on recoverable amount of the CGU: 57.8%
- Recoverable amount allowance over book value: €35,484 thousand
- Compound annual growth rate (without CO2), terminal value over business year 2021:

- Total turnover: 2.3%
- Gross Operating Profit: 29.6%

The year 2022 is particularly impacted by the percentage of (lower margin) export sales versus domestic sales in total sales.

Cementos Atlantico's goodwill test has room to support up to a pre-tax discount rate of approximately 10%, while supporting an annual cash flow decline of approximately 20% from projected cash flows.

Based on the foregoing, the company considers that the excess of the impairment test allows deviations significant enough to not give rise to any value impairments of CGU assets.

### **FCC Environment group (UK) before WRG group**

The FCC Group acquired 100% of the stake in the FCC Environment (UK) group in 2006 for an investment cost of 1,693,532 thousand euros in 2006.

From the moment of its acquisition, the Group considers the FCC Environment (UK) subgroup as a single cash generating unit (CGU), with the goodwill recorded in the balance sheet associated exclusively with such CGU.

It should be noted that in 2012 there was an impairment of goodwill amounting to 190,229 thousand euros as a result of the decrease in cash flows of its activities due to changes in its calendar and amount. On the other hand, in 2013 there was an additional impairment of goodwill amounting to 236,345 thousand euros, mainly as a result of the decrease in the volume of tons treated in landfills. Finally, in 2014 there was an impairment of the items of property, plant and equipment affected by landfill activity amounting to 649,681 thousand euros.

It should be noted that during 2020, as a result of the internal reorganisation and the creation of the new subsidiary Green Recovery Projects Limited, prior to the sale of 49% (note 5), various companies were transferred to the latter, mainly the companies that managed the Allington and Eastcroft incinerators, and therefore the composition of the CGU changed with respect to 2019. In 2021, this organisation and composition of the CGU will be maintained.

The cash flows considered in the impairment test take into account the current status of the CGU, making the best estimates of future flows based on the mix of activities expected in the future. The relative weight of the different activities will vary as other waste treatment alternatives are promoted, mainly recycling and recovery, which is currently being carried out by the subgroup, offsetting the progressive abandonment of landfill activity.

The main assumptions used envisage a slight decrease in revenues in 2022 compared to the previous year with an expected increase in revenues in the range of approximately 1.3%–3.1%, except for a growth of 15.9% in 2024 and 11.6% in 2025 as a result of the commissioning of the Lostock energy recovery plant, currently under construction, which becomes fully operational. The landfill sector is where the decrease in sales is taking place, following the expected market evolution, compensated by the diversification of activities. The gross operating margin as a percentage of sales will increase from 19.5% in 2022 and decrease to around 13% in the last two years. The pre-tax discount rate used was 8.71% and a time horizon of 10 years was considered for the estimates given the structural characteristics of its business and the long useful life of its assets. A growth rate of 1% has been considered in the calculation of the perpetual income representing 41.5% of the total recoverable value. The test result shows an excess of the recoverable amount over the carrying amount of the cash-generating unit of €237,346 thousand, an increase of more than 1,300 basis points without incurring

impairment, a decrease in the present value of cash flows of 10% would reduce the excess to €200,359 thousand. If a zero growth rate had been assumed, the excess would have decreased to €219,716 thousand.

As indicated in note 3.f) of these financial statements, the general criterion is not to consider growth rates in perpetual income, but in the case of the FCC Environment (UK) subgroup, given the transformation that is taking place in the mix of activities, it is considered that a growth rate of 1% more accurately reflects the reality of the business in the context of the change that is taking place in the United Kingdom in the waste management activity, with a drastic fall in the disposal of waste in landfills and an increase in alternative waste management activities that is expected to be sustained over a prolonged period of time.

In addition, given the slack shown in the impairment test and the fact that the main assets and liabilities of its business are referenced in the same currency (pound sterling), no impairment should be evident.

### c) Other intangible assets

The changes in this heading of the consolidated balance sheet in 2021 and 2020 were as follows:

	Other intangible assets	Accumulated Depreciation	Impairment	Net value
<b>Balance at 31 December 2019</b>	<b>359,776</b>	<b>(285,106)</b>	<b>(14,403)</b>	<b>60,267</b>
Additions or allocations	12,363	(20,021)	(756)	(8,414)
Disposals, derecognitions or reductions	(13,188)	10,544	-	(2,644)
Translation differences	(1,767)	1,085	1	(681)
Change in scope, transfers and other changes	2,876	1,280	-	4,156
<b>Balance at 31 December 2020</b>	<b>360,060</b>	<b>(292,218)</b>	<b>(15,158)</b>	<b>52,684</b>
Additions or allocations	12,142	(11,187)	(1,384)	(429)
Disposals, derecognitions or reductions	(3,237)	2,985	70	(182)
Translation differences	2,031	(992)	(23)	1,016
Change in scope, transfers and other changes	7,192	(3,731)	1	3,462
<b>Balance at 31 December 2021</b>	<b>378,188</b>	<b>(305,143)</b>	<b>(16,494)</b>	<b>56,551</b>

This heading mainly includes:

- amounts paid to public or private entities as fees for the award of agreements that are not classified as concessions, within the scope of IFRIC12 "Service Concession Arrangements", mainly in the Environmental Services Area,
- amounts recognised on initial recognition of certain business combinations representing items such as customer portfolios and agreements in place at the time of purchase,
- quarrying rights in the Cement Area, and
- software applications.

## 8. PROPERTY, PLANT AND EQUIPMENT

The net composition of property, plant and equipment at 31 December 2021 and 2020 is as follows:

	Cost	Accumulated amortisation	Impairment	Net value
<b>2021</b>				
<b>Land and buildings</b>	<b>1,661,173</b>	<b>(572,202)</b>	<b>(101,852)</b>	<b>987,119</b>
Land and natural resources	694,516	(172,501)	(87,045)	434,970
Buildings for own use	966,657	(399,701)	(14,807)	552,149
<b>Plant and other items of property, plant and equipment</b>	<b>8,185,089</b>	<b>(5,653,086)</b>	<b>(656,566)</b>	<b>1,875,437</b>
Plant	4,997,778	(3,438,120)	(618,330)	941,328
Machinery and vehicles	2,320,002	(1,674,652)	(34,568)	610,782
Advances and PP&E under construction	92,561	-	-	92,561
Other PP&E	774,748	(540,314)	(3,668)	230,766
	<b>9,846,262</b>	<b>(6,225,288)</b>	<b>(758,418)</b>	<b>2,862,556</b>
<b>2020</b>				
<b>Land and buildings</b>	<b>1,616,955</b>	<b>(534,345)</b>	<b>(65,762)</b>	<b>1,016,848</b>
Land and natural resources	683,055	(163,737)	(50,816)	468,502
Buildings for own use	933,900	(370,608)	(14,946)	548,346
<b>Plant and other items of property, plant and equipment</b>	<b>7,795,156</b>	<b>(5,396,157)</b>	<b>(605,648)</b>	<b>1,793,351</b>
Plant	4,721,372	(3,241,318)	(568,532)	911,522
Machinery and vehicles	2,215,724	(1,628,062)	(33,720)	553,942
Advances and PP&E under construction	109,411	-	-	109,411
Other PP&E	748,649	(526,777)	(3,396)	218,476
	<b>9,412,111</b>	<b>(5,930,502)</b>	<b>(671,410)</b>	<b>2,810,199</b>

The movements in the various fixed and non-current assets headings in 2021 and 2020 were as follows:

	Land and natural resources	Buildings for own use	Terrenos y Construcciones	Plant	Machinery and vehicles	Advances and PP&E under construction	Other PP&E	Plant and other items of property, plant and equipment	Accumulated Depreciation	Impairment
<b>Balance at 31 December 2019</b>	<b>677,323</b>	<b>929,768</b>	<b>1,607,091</b>	<b>4,844,195</b>	<b>2,176,843</b>	<b>87,257</b>	<b>696,229</b>	<b>7,804,524</b>	<b>(5,842,216)</b>	<b>(705,507)</b>
Additions or allocations	10,161	33,457	<b>43,618</b>	37,974	166,278	130,049	68,607	<b>402,908</b>	(330,085)	(7,170)
Disposals, derecognitions or reductions	(868)	(23,020)	<b>(23,888)</b>	(26,960)	(131,939)	(33,076)	(35,099)	<b>(227,074)</b>	102,289	12,377
Translation differences	(2,730)	(9,242)	<b>(11,972)</b>	(171,391)	(32,022)	(2,258)	(3,628)	<b>(209,299)</b>	123,588	32,679
Change in scope, transfers and other changes	(831)	2,937	<b>2,106</b>	37,554	36,564	(72,561)	22,540	<b>24,097</b>	15,922	(3,789)
<b>Balance at 31 December 2020</b>	<b>683,055</b>	<b>933,900</b>	<b>1,616,955</b>	<b>4,721,372</b>	<b>2,215,724</b>	<b>109,411</b>	<b>748,649</b>	<b>7,795,156</b>	<b>(5,930,502)</b>	<b>(671,410)</b>
Additions or allocations	4,930	48,216	<b>53,146</b>	31,783	154,912	77,196	54,451	<b>318,342</b>	(333,705)	(51,405)
Disposals, derecognitions or reductions	(993)	(35,409)	<b>(36,402)</b>	(19,043)	(117,319)	(465)	(40,121)	<b>(176,948)</b>	175,889	4,487
Translation differences	2,734	7,998	<b>10,732</b>	205,173	34,805	786	5,347	<b>246,111</b>	(144,145)	(39,843)
Change in scope, transfers and other changes	4,790	11,952	<b>16,742</b>	58,493	31,880	(94,367)	6,422	<b>2,428</b>	7,175	(247)
<b>Balance at 31 December 2021</b>	<b>694,516</b>	<b>966,657</b>	<b>1,661,173</b>	<b>4,997,778</b>	<b>2,320,002</b>	<b>92,561</b>	<b>774,748</b>	<b>8,185,089</b>	<b>(6,225,288)</b>	<b>(758,418)</b>

Significant “Additions” in 2021 include investments made for the performance of the agreements for the Environmental Services activity, mainly in different companies that carry out their activity in the United States for a total of €36,983 thousand (€110,602 thousand in 2020), in FCC Medioambiente, S.A. (Spain) for a total of €98,249 thousand (€76,877 thousand in 2020), in the FCC Environment group (UK) for a total of €32,838 thousand (€28,932 thousand in 2020) and in FCC Environment CEE (Central Europe) for a total of €43,848 thousand (€40,249 thousand in 2020), as well as those carried out in the End-to-end Water Management activity, mainly in the company FCC Aqualia, S.A. (Spain) for €22,406 thousand (€19,191 thousand in 2020) and in SmVak (Czech Republic) for €28,453 thousand (€25,266 thousand in 2020) and in the construction business, mainly in FCC Construcción, S.A. for €23,190 thousand (€21,107 thousand in 2020).

During 2021, land and natural assets (quarries) of the Cement business have been impaired by €36,011 thousand (note 27) as a result of the expected shortening of their useful lives.

“Derecognitions, disposals or reductions” include disposals and derecognition of inventory corresponding to assets that, in general, are almost fully amortised due to having exhausted their useful life.

Inflows and outflows that have resulted in cash inflows or outflows are recorded in the accompanying cash flow statement as “Payments for investments” and “Proceeds from disposals” of “Property, plant and equipment, intangible assets and investment property”, respectively.

No interest has been capitalised during the business years 2021 and 2020 and the total capitalised interest at source as at 31 December 2021 amounts to €6,383 thousand (2020: €29,076 thousand).

As at 31 December 2021, in property, plant and equipment, €8,331 thousand (€11,565 thousand as at 31 December 2020) has been charged as income from capital grants.

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their property, plant and equipment are subject. At year-end, the Parent estimates that there is no hedging deficit related to said risks.

The gross amount of fully depreciated property, plant and equipment which is nevertheless used in the production activity because it is in a good usable status amounts to €3,023,954 thousand at 31 December 2021 (31 December 2020: €3,145,430 thousand).

Tangible assets net of depreciation in the accompanying consolidated balance sheet located outside Spanish territory amount to €1,473,477 thousand at 31 December 2021 (€1,383,491 thousand at 31 December 2020).

#### Restrictions on title to assets

Of the total tangible assets on the consolidated balance sheet, €790,359 thousand at 31 December 2021 (€864,639 thousand at 31 December 2020) are subject to ownership restrictions as follows:



	Cost	Accumulated amortisation	Impairment	Net value
<b>2021</b>				
Buildings, plants and equipment	1,419,292	686,066	(4,364)	728,426
Other property, plant and equipment	163,012	101,515	-	61,933
	<b>1,582,304</b>	<b>787,581</b>	<b>(4,364)</b>	<b>790,359</b>
<b>2020</b>				
Buildings, plants and equipment	1,443,430	(631,338)	(3,762)	808,330
Other property, plant and equipment	163,104	(106,795)	-	56,309
	<b>1,606,534</b>	<b>(738,133)</b>	<b>(3,762)</b>	<b>864,639</b>

The restrictions on ownership of these assets arise from the lease agreements explained in note 10 of these notes to the consolidated financial statements, and also from assets assigned to the operation of certain agreements with characteristics similar to those of concession arrangements, but to which IFRIC 12 “Concession arrangements” (note 3.a) does not apply.

#### Purchase commitments

In the course of their activities, the Group companies have entered into purchase commitments for property, plant and equipment amounting to €24,510 thousand at 31 December 2021 (€4,873 thousand at 31 December 2020).

	2021	2020
Land and natural resources	-	-
Buildings for own use	-	-
Plant	-	-
Machinery and vehicles	22,075	4,556
In-progress property, plant and equipment and advances	-	102
Other PP&E	2,435	215
	<b>24,510</b>	<b>4,873</b>

## 9. REAL ESTATE INVESTMENTS

As stated in note 3.e), investment property is measured at fair value based on the assessments made by an independent expert.

In the case of the assessments corresponding to the Realia Business Group, the methodology for determining the fair value of the investment property is based on the RICS principles, which basically use discounted cash flows as the valuation method, which consists of capitalising the net rents of each property and discounting the future flows, applying market discount rates, over a ten-year time horizon and a residual value calculated by capitalising the estimated rent at the end of the projected period at an estimated yield. The properties were assessed on an individual basis, taking into account each of the agreements in force at year-end and their duration. For buildings with vacant areas, these have been assessed on the basis of estimated future rents, discounting a marketing period.

The key variables in this method are the determination of the net income, the duration of the lease agreements, the time period over which the leases are discounted, the approximation of value at the end of each period and the target internal rate of return used to discount the cash flows.

The key variables used in the assessments using the discounted cash flow method are:

- Current gross income: contractual income of the agreements outstanding at the date of the assessment, without taking into account bonuses, grace periods and expenses not passed on.
- Current net income: the revenue generated by each property at the date of the assessment, net of allowances and deficiencies and taking into account the non-chargeable expenses in accordance with the agreements and for vacant spaces.
- Estimated revenue for vacant space and/or new leases over the years of the cash flow.
- Exit Yield: required rate of return at the end of the assessment period on the sale of the asset. At the end of the discount period it is necessary to determine an exit value of the property. At that point it is not possible to reapply a discounted cash flow methodology and it is necessary to calculate the sale value according to an exit yield based on the rent being generated by the property at the time of sale, provided that the cash flow projection assumes a stabilised rent that can be capitalised in perpetuity.
- IRR: interest rate or rate of return offered by an investment, the value of the discount rate that makes the NPV equal to zero, for a given investment project.
- ERV: Market return on the asset at the assessment date.

In the case of the investment property of Jezzine Uno, S.L.U., given the characteristics of the agreement, which includes a period of assured rental income until 2037, when the lessee has the option to repurchase at fair value, the assessment method used was the discounted cash flow method. Discounted cash flow (“DFC”) is a method generally accepted by valuation experts from both a theoretical and practical point of view as the method that best incorporates all factors affecting the value of a business into the valuation result, considering the company as a real investment project.

This methodology considers the results of the operating activity and also the investment and working capital policy to calculate the future cash flow generation capabilities of the assets linked to the business, which are discounted to the assessment date to obtain the present value of the business.

The sum of the following two components has been considered for the determination of the fair value:

- Estimated cash flows over the life of the agreement until its completion in 2037: The calculation is based on the amount of rents expected to be obtained, including the expenses chargeable to the lessee under the agreement (property tax, community charges and other fees), less the operating costs incurred for the management of the properties and the corresponding operating taxes. The cash flows obtained are discounted in line with expected inflation.
- Divestment value: An exit value of the property has been estimated at the end of the lease term. At that point it is not possible to re-apply a discounted cash flow methodology and it is necessary to calculate the sale value according to an exit yield based on the expected market rent that the properties could be generating at the time of sale and which can be capitalised in perpetuity. The market rent in 2037 has been determined on the basis of an analysis of the possible market rent of the premises, assuming that the market rent will vary annually until 2037 in line with expected annual inflation rates in the future. For the purpose of determining the net capitalisable income in

perpetuity, the total amount of asset-related expenses expected in 2037 (no longer chargeable in the context of a market sale) has been deducted. It has also been assumed that minor investments will be necessary to adapt the assets for their sale on the market, estimating the marketing costs that would be incurred in their sale. The corresponding tax effect has been deducted from the amount of capital gain thus obtained.

The key variables used in the above assessment are as follows:

- Amount of net rents during the lease agreement calculated as explained above.
- Discount rate: The WACC has been calculated taking as components those corresponding to the market in which it operates and its debt structure.
- Exit yield: Required rate of return at the end of the lease agreement on the sale of the assets.

The fair value of investment property amounts to €2,069,187 thousand, at 31 December 2020, the Group had no investment property recorded.

The following is a sensitivity analysis of the main variables affecting the assessment at fair value of the Realia Business Group's real estate inventories.

The effect of the change in the required rates of return (Exit yield), calculated as income on the market value of the assets, in terms of "Net Asset Value", on the consolidated assets and the consolidated profit and loss account, in respect of the investment property in operation, would be as follows:

	2021	
	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(47,305)	(35,479)
Decrease of 25 basis points	52,515	39,386

In addition, the sensitivity analysis of a 10% change in the ERV (market rent of the asset at the assessment date) would be as follows:

	2021	
	Assets	Consolidated profit/(loss) for the year
10% increase	113,315	84,986
10% decrease	(111,470)	(83,603)

Finally, the sensitivity analysis of a quarter point change in the IRR would be as follows:

	2021	
	Activo	Consolidated profit/(loss) for the year
Increase of 25 basis points	(26,610)	(19,958)
Decrease of 25 basis points	27,460	20,595

In the case of Jezzine Uno, S.L.U.'s investment property, a sensitivity analysis of the main variables affecting its assessment is provided below.

The impact of a change in the discount rate used to determine the present value of both the contract rents and their divestment value is as follows:

	2021	
	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(13,044)	(9,783)
Decrease of 25 basis points	13,487	10,116

The impact of a change in the exit yield is as follows:

	2021	
	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(5,535)	(4,151)
Decrease of 25 basis points	5,904	4,428

The movements in the various investment property items in the business years 2021 and 2020 were as follows:

<b>Balance at 31 December 2019</b>	<b>2,798</b>
Additions	42
Disposals, derecognitions or reductions	(2,582)
Change in scope, transfers and other changes	(258)
<b>Balance at 31 December 2020</b>	<b>-</b>
Additions	4,836
Disposals, derecognitions or reductions	(23,260)
Change in fair value	16,628
Change in scope, transfers and other changes	2,070,983
<b>Balance at 31 December 2021</b>	<b>2,069,187</b>

As "Change in the scope of consolidation" in 2021, it is worth highlighting the real estate assets incorporated due to the takeover of Realia Business, S.A., amounting to €1,470,575 thousand, and Jezzine Uno, S.L.U., a company dedicated to the rental of commercial properties, amounting to €600,404 thousand (note 5).

In 2020, FCC Immobilien Holding GmbH sold an office building and a plot of land in Germany for €3,950 thousand, whose net book value at the time of sale amounted to €2,582 thousand, generating a capital gain of €1,368 thousand, which is recognised under "Impairment and gains/(losses) on disposal of fixed assets" (note 27).

Cash inflows and outflows are recorded in the accompanying cash flow statement as “Payments for investments” and “Proceeds from disposals” of “Property, plant and equipment, intangible assets and investment property” respectively.

At the end of the 2021 and 2020 business years, the Group had no firm commitments to acquire or construct any real estate investments.

## 10. LEASES

### a) Leases where the Group acts as lessee

As a lessee, the Group has entered into agreements to lease underlying assets of various kinds, mainly machinery in the Construction business and technical installations and buildings for its own use in all the Group's activities.

Among the agreements entered into in previous years, those for the Group's Central Services buildings stand out, on the one hand, the agreement for the lease of the office building located in Las Tablas (Madrid), effective from 23 November 2012 and for 18 years, extendable at the option of the FCC Group in two periods of five years each, with a rent that can be updated annually in accordance with the CPI.

Additionally, the agreement signed in 2011 for the buildings located at Federico Salmón 13, Madrid and Balmes 36, Barcelona, for a minimum committed rental period of 30 years, extendable at the Group's option in two periods of 5 years each with a rent that can be updated annually according to the CPI. These buildings were transferred to their current owners by means of a sale and leaseback agreement. The owners, in turn, have granted a purchase option to Fomento de Construcciones y Contratas, S.A., exercisable only at the end of the rental period, for the fair value or the amount of the sale discounted by the CPI, whichever is higher.

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

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

The carrying amount of the right-of-use assets amounts to €356,811 thousand at 31 December 2021 (€364,192 thousand at 31 December 2020). The carrying amount, additions and write-downs during the business years 2021 and 2020 are detailed below by underlying asset class:

	Cost	Accumulated amortisation	Impairment	Net value	Additions	Amortisation charge
<b>2021</b>						
<b>Land and buildings</b>	<b>449,574</b>	<b>(101,577)</b>	<b>(602)</b>	<b>322,495</b>	<b>42,182</b>	<b>(38,283)</b>
Land and natural resources	53,759	(8,662)	(602)	<b>33,382</b>	4,800	(3,563)
Buildings for own use	395,815	(92,915)	-	<b>289,113</b>	37,382	(34,720)
<b>Plant and other items of property, plant and equipment</b>	<b>173,634</b>	<b>(71,246)</b>	<b>-</b>	<b>34,316</b>	<b>20,430</b>	<b>(37,996)</b>
Plant	5,674	(3,095)	-	<b>2,579</b>	74	(1,072)
Machinery and vehicles	133,451	(53,746)	-	<b>21,548</b>	16,017	(29,746)
Other PP&E	34,509	(14,405)	-	<b>10,189</b>	4,339	(7,178)
	<b>623,208</b>	<b>(172,823)</b>	<b>(602)</b>	<b>356,811</b>	<b>62,612</b>	<b>(76,279)</b>

	Cost	Accumulated amortisation	Deterioro	Net value	Additions	Amortisation charge
<b>2020</b>						
<b>Land and buildings</b>	<b>428,905</b>	<b>(72,571)</b>	<b>-</b>	<b>320,446</b>	<b>22,502</b>	<b>(33,694)</b>
Land and natural resources	46,940	(5,304)	-	<b>24,430</b>	3,633	(2,995)
Buildings for own use	381,965	(67,267)	-	<b>296,016</b>	18,869	(30,699)
<b>Plant and other items of property, plant and equipment</b>	<b>198,138</b>	<b>(73,877)</b>	<b>-</b>	<b>43,746</b>	<b>56,694</b>	<b>(33,224)</b>
Plant	5,795	(2,154)	-	<b>3,640</b>	80	(1,180)
Machinery and vehicles	164,889	(60,566)	-	<b>29,266</b>	48,478	(23,240)
Other PP&E	27,454	(11,157)	-	<b>10,840</b>	8,136	(8,804)
	<b>627,043</b>	<b>(146,448)</b>	<b>-</b>	<b>364,192</b>	<b>79,196</b>	<b>(66,918)</b>

Lease liabilities recognised amount to €432,851 thousand at 31 December 2021 (€445,086 thousand at 31 December 2020), of which €64,870 thousand (€68,599 thousand at 31 December 2020) are classified as current in the accompanying consolidated balance sheet, as they mature within the next twelve months (note 20). Lease liabilities have generated an interest charge of €12,905 thousand at 31 December 2021 (€12,645 thousand at 31 December 2020). Lease payments made during the year amount to €109,301 thousand at 31 December 2021 (31 December 2020: €96,658 thousand) and are recognised under “Receivables and (payments) on financial liability instruments” and “Interest payments” in the accompanying consolidated cash flow statement. Details of non-current lease liabilities by maturity are shown below:

	2023	2024	2025	2026	2027 and beyond	Total
<b>2021</b>						
Liabilities for non-current leases	41,433	60,324	27,958	33,211	205,055	<b>367,981</b>

Certain agreements are excluded from the application of IFRS 16, mainly because they are low value assets or because their term is less than twelve months (note 3.g), and are recognised as an expense under “Other operating income” in the accompanying consolidated income statement, the amount of which is as follows for 2021 and 2020:

	2021	2020
Low value assets	1,048	2,115
Leases with term less than 12 months	61,738	73,677
	<b>62,786</b>	<b>75,792</b>

#### b) Leases in which the Group acts as lessor

All lease agreements in which the Group acts as lessor are classified as operating leases, as substantially all the risks and rewards of ownership of the asset are not transferred.

In its position as lessor, the Group recognises operating income, mainly in the Real Estate business, amounting to €25,126 thousand (€3,081 thousand at 31 December 2020), as follows:

	2021	2020
Revenue from leases	21,887	3,081
Revenue from common pass-through expenses	3,239	
	<b>25,126</b>	<b>3,081</b>

The change between the two years is mainly due to the takeover of Realia Business, S.A. and Jezzine Uno S.L. (note 5).

Leased assets are mainly recorded under investment property in the accompanying consolidated balance sheet. The typology of investment property is as follows:

	2021	2020
Offices and commercial premises	1,468,782	-
Banking entities	600,405	-
	<b>2,069,187</b>	<b>-</b>

In addition, the Group leases tangible fixed assets, mainly machinery in the construction business, the carrying amount of which is not material.

At 31 December 2021, the Group has contracted minimum lease payments of €856,356 thousand with tenants in the Realia Group and Jezzine Uno, S.L.U., in accordance with the current agreements in force, without considering the repercussion of common expenses, future CPI increases or future updates of contractually agreed rents, with the following maturities:

	2021
Within one year	101,593
Between two and five years	270,975
After five years	483,788
	<b>856,356</b>

## 11. SERVICE CONCESSION ARRANGEMENTS

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

The following table sets out the total of such assets held by Group companies under service concession arrangements and included in intangible assets, non-current and current financial assets and investments in companies accounted for using the equity method (both joint ventures and associates) in the accompanying consolidated balance sheet at 31 December 2021 and 2020.

	Intangible fixed assets (Note 7)	Financial assets (Note 14)	Joint concessionary businesses	Associated concessionary companies	Total investment
<b>2021</b>					
Water services	1,795,243	230,770	28,679	44,627	2,099,319
Motorways and tunnels	389,584	-	8,401	-	397,985
Environment and Others	534,098	235,058	56,025	41,199	866,380
<b>TOTAL</b>	<b>2,718,925</b>	<b>465,828</b>	<b>93,105</b>	<b>85,826</b>	<b>3,363,684</b>
Accumulated	(1,224,775)	-	-	-	(1,224,775)
Impairment	(54,444)	-	-	-	(54,444)
	<b>1,439,706</b>	<b>465,828</b>	<b>93,105</b>	<b>85,826</b>	<b>2,084,465</b>
<b>2020</b>					
Water services	1,710,822	223,303	27,454	46,343	2,007,922
Motorways and tunnels	378,515	-	8,204	-	386,719
Environment and Others	459,711	227,216	43,222	28,801	758,950
<b>TOTAL</b>	<b>2,549,048</b>	<b>450,519</b>	<b>78,880</b>	<b>75,144</b>	<b>3,153,591</b>
Accumulated	(1,115,658)	-	-	-	(1,115,658)
Impairment	(55,230)	-	-	-	(55,230)
	<b>1,378,160</b>	<b>450,519</b>	<b>78,880</b>	<b>75,144</b>	<b>1,982,703</b>

Below is a breakdown of the main concessions included in the above categories, detailing their main characteristics:



	Net book value as at 31 December 2021		Granting entity	Collection mechanism
	Intangible fixed assets	Financial assets		
<b>Water services</b>	<b>791,535</b>	<b>230,771</b>		
Jerez de la Frontera (Cádiz - Spain)	66,397	-	City Council of Jerez de la Frontera.	User based on consumption
Caltanissetta (Italy)	46,734	-	Consorzio Ambito Territoriale Ottimale	User based on consumption
Jeddah desalination plant (Saudi Arabia)	43,955	-	General Authority of Civil Aviation (Saudi Arabia)	User based on consumption
Lleida (Spain)	32,779	-	Lleida City Council	User based on consumption
Santander (Cantabria, Spain)	32,049	-	Santander City Council	User based on consumption
Vigo (Pontevedra, Spain)	28,503	-	Vigo City Council	User based on consumption
Adeje (Tenerife, Spain)	27,571	-	Adeje City Council	User based on consumption
Badajoz (Spain)	24,178	-	Badajoz City Council	User based on consumption
Acueducto Realito (Mexico)	23,735	57,810	State Water Commission (Mexico)	Mixed model
Oviedo (Asturias, Spain)	20,207	-	Oviedo City Council	User based on consumption
Mostaganem Desalination Plant (Algeria)	-	141,974	Algerian Energie Company S.p.a.	Cubic meters with guaranteed minimum
Guaymas Desalination Plant (Mexico)	-	24,469	State Water Commission	Cubic meters with guaranteed minimum
Other contracts	445,427	6,518		
<b>Motorways and tunnels</b>	<b>250,383</b>	-		
Coatzacoalcos submerged tunnel (Mexico)	203,179	-	Government of the State of Veracruz	Direct toll paid by the user
Conquense motorway (Spain)	47,204	-	Ministry for Economic Development	Shadow toll
<b>Environment and others</b>	<b>397,788</b>	<b>235,057</b>		
Buckinghamshire plant (United Kingdom)	139,599	9,403	Buckinghamshire County Council	Fixed amount plus variable amount per ton
Loeches Plant (Alcalá de Henares, Spain)	112,481	-	Commonwealth of the East	According to tons treated
Campello Plant (Alicante, Spain)	49,130	-	Plan Zonal XV Consortium of the Community of Valencia	According to tons treated
Edinburgh Plant (United Kingdom)	22,852	94,931	City of Edinburgh and Midlothian Council	Variable per ton with guaranteed minimum
Granada plant (Granada, Spain)	21,039	-	Provincial council of Granada	According to tons treated
Houston recycling plant (United States)	20,440	-	City of Houston	Fixed amount plus variable amount per ton
Gipuzkoa II plant	-	29,443	Gipuzkoa Waste Consortium	Variable per ton with guaranteed minimum
RE3 plant (United Kingdom)	-	29,701	Councils of Reading, Bracknell Forest and Workingham	Fixed amount plus variable amount per ton
Manises Plant (Valencia, Spain)	-	20,103	Metropolitan Entity for Waste Treatment	Fixed amount plus variable amount per ton
Wrexham I plant (United Kingdom)	-	19,811	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Wrexham II plant (United Kingdom)	-	16,938	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Other contracts	32,247	14,727		
<b>FCC Group Total</b>	<b>1,439,706</b>	<b>465,828</b>		

	Net book value as at 31 December 2020		Granting entity	Collection mechanism
	Intangible fixed assets	Financial assets		
<b>Water services</b>	<b>774,358</b>	<b>223,303</b>		
Jerez de la Frontera (Cádiz - Spain)	70,483	-	City Council of Jerez de la Frontera.	User based on consumption
Jeddah desalination plant (Saudi Arabia)	46,432	-	General Authority of Civil Aviation (Saudi Arabia)	User based on consumption
Caltanissetta (Italy)	43,596	-	Consorzio Ambito Territoriale Ottimale	User based on consumption
Santander (Cantabria, Spain)	35,514	-	Santander City Council	User based on consumption
Lleida (Spain)	34,828	-	Lleida City Council	User based on consumption
Adeje (Tenerife, Spain)	33,684	-	Adeje City Council	User based on consumption
Badajoz (Spain)	25,241	-	Badajoz City Council	User based on consumption
Acueducto Realito (Mexico)	23,984	55,534	State Water Commission (Mexico)	Mixed model
Oviedo (Asturias, Spain)	21,143	-	Oviedo City Council	User based on consumption
Mostaganem Desalination Plant (Algeria)	-	142,275	Algerian Energie Company S.p.a.	Cubic meters with guaranteed minimum
Guaymas Desalination Plant (Mexico)	-	19,083	State Water Commission	Cubic meters with guaranteed minimum
Other contracts	439,453	6,411		
<b>Motorways and tunnels</b>	<b>252,851</b>	-		
Coatzacoalcos submerged tunnel (Mexico)	197,735	-	Government of the State of Veracruz	Direct toll paid by the user
Conquense motorway (Spain)	55,116	-	Ministry for Economic Development	Shadow toll
<b>Environment and others</b>	<b>350,951</b>	<b>227,216</b>		
Buckinghamshire plant (United Kingdom)	140,283	8,830	Buckinghamshire County Council	Fixed amount plus variable amount per ton
Loeches Plant (Alcalá de Henares, Spain)	78,336	-	Commonwealth of the East	According to tons treated
Campello Plant (Alicante, Spain)	35,147	-	Plan Zonal XV Consortium of the Community of Valencia	According to tons treated
Edinburgh Plant (United Kingdom)	22,314	90,969	City of Edinburgh and Midlothian Council	Variable per ton with guaranteed minimum
Granada plant (Granada, Spain)	22,167	-	Provincial council of Granada	According to tons treated
Houston recycling plant (United States)	20,086	-	City of Houston	Fixed amount plus variable amount per ton
Gipuzkoa II plant	-	29,376	Gipuzkoa Waste Consortium	Variable per ton with guaranteed minimum
RE3 plant (United Kingdom)	-	28,947	Councils of Reading, Bracknell Forest and Workingham	Fixed amount plus variable amount per ton
Manises Plant (Valencia, Spain)	-	21,624	Metropolitan Entity for Waste Treatment	Fixed amount plus variable amount per ton
Wrexham I plant (United Kingdom)	-	20,920	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Wrexham II plant (United Kingdom)	-	17,571	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Other contracts	32,618	8,979		
<b>FCC Group Total</b>	<b>1,378,160</b>	<b>450,519</b>		

The water services activity is characterised by a very high number of agreements, the most significant of which are detailed in the table above. The main activity of the agreements is the end-to-end water cycle, from the collection, transport, treatment and distribution to urban centres through the use of distribution networks and complex water treatment facilities for drinking water purification, to the collection and treatment of wastewater. It includes both construction and maintenance of water and sewerage networks, desalination plants, water treatment plants and wastewater treatment plants. Billing is generally based on subscribers' use of the service, so in most cases cash flows depend on water consumption, which is generally constant over time. However, the agreements usually incorporate periodic tariff review clauses to ensure the recoverability of the investment made by the concessionaire, in which future tariffs are set on the basis of consumption in previous periods and other variables such as inflation. In order to carry out their activities, the concessionaires build or receive the right to use the distribution and sewerage networks, as well as the complex installations necessary for drinking water treatment and purification. The concession periods for this type of concession range from different periods, up to a maximum of 75 years, and the facilities revert to the concession grantor at the end of the concession period, without receiving any compensation.

In most of the fully consolidated agreements, the amount of the collections depends on the use made of the service and is therefore variable, as the concession holder bears the demand risk, which is why they are recorded as intangible assets. However, in exceptional cases, mainly in the case of desalination plants, payment is received on the basis of the cubic metres actually desalinated, with the grantor guaranteeing a minimum insured level irrespective of volume, whereby such guaranteed amounts are classified as financial assets as they cover the fair value of the construction services.

The main activity of the toll road and tunnel concessions is the management, promotion, development and operation of land transport infrastructures, mainly toll roads and tunnels. It includes both the construction and the subsequent conservation and maintenance of the aforementioned infrastructures over a long concession period, which can range from 25 to 75 years. Invoicing is usually based on traffic intensity, both through direct vehicle tolls and shadow tolls, so cash flows are variable in relation to the aforementioned traffic intensity, and generally show an increasing trend as the concession period progresses, which is why, as the concessionaire bears the demand risk, they are recorded as intangible assets. The agreements generally comprise both the construction or improvement of the infrastructure over which the concessionaire receives a right of use, and the provision of maintenance services, with the infrastructure reverting at the end of its useful life to the grantor, usually without compensation. In certain cases, compensation mechanisms exist, such as an extension of the concession period or an increase in the toll price, so as to ensure a minimum return to the concessionaire.

The "Other" activity mainly includes agreements relating to the construction, operation and maintenance of waste management facilities in Spain, the United Kingdom and the United States. The agreements incorporate price revision clauses based on various variables, such as inflation, energy costs or wage costs. For the classification of concessions as intangible or financial assets, the contracts have been analysed to determine which part of the agreement bears the demand risk. In those agreements in which billing is determined solely on the basis of the fixed charge and a variable amount depending on the tonnes treated, given that the latter is residual and the cost of construction services is substantially covered by the fixed charge, the entire concession has been considered as a financial asset, except in the case of the Buckinghamshire and Edinburgh plants (both in the UK), in which the intangible component is significant and are therefore recorded as mixed models.

It should also be noted that the concession companies in which the Group has holdings are obliged, in accordance with the concession agreements, to acquire or construct, during the concession period, fixed assets for an amount of €176,283 thousand at 31 December 2021 (€124,031 thousand at 31 December 2020).

Finally, it is worth mentioning that the recoverable value of the main concession assets has been re-estimated in 2021. As a result of the analysis carried out, no impairment was shown to be necessary given that a substantial part of the concession assets are related to the water and environment businesses, activities that have generally been considered as “core” in the different jurisdictions, being particularly resilient to the impacts of the pandemic. In addition, a significant portion of the concessional asset portfolio corresponds to agreements not subject to demand risk, which significantly reduces the risk of impairment.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This heading includes the value of investments in companies accounted for using the equity method, as well as non-current loans granted to these companies which, as indicated in note 2.b), is applied to both joint ventures and associates, the breakdown of which is as follows:

	2021	2020
<b>Joint ventures</b>	<b>200,291</b>	<b>181,937</b>
Investment value	72,283	40,842
Loans	128,008	141,095
<b>Associates</b>	<b>333,551</b>	<b>540,849</b>
Investment value	133,030	382,126
Loans	200,521	158,723
	<b>533,842</b>	<b>722,786</b>

### a) Joint ventures

The breakdown of this caption by company is shown in Annexe II to these annual accounts, which lists the joint ventures.

The movements for the business years 2021 and 2020 by item are as follows:

	Balance at 31 December 2020	Profit/(loss) for the year (note 27.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31 December 2021
Sociedad Concesionaria Tranvía de Murcia, S.A.	43,222	1,856	-	-	-	-	1,195	46,273
As Cancelas Siglo XXI, S.L.	-	535	-	-	-	36,719	-	37,254
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	11,977	1,617	-	-	-	991	2	14,587
Zabalgardi, S.A.	16,060	3,024	(3,000)	(2,250)	-	-	-	13,834
Mercia Waste Management Ltd.	11,782	4,712	(8,696)	-	-	916	-	8,714
Atlas Gestión Medioambiental, S.A.	9,808	1,186	(2,365)	-	-	(2)	-	8,627
Ibisan Sociedad Concesionaria, S.A.	8,204	1,889	(2,454)	808	-	(46)	-	8,401
Ecoparc del Besós, S.A.	7,803	2,192	(2,813)	207	-	-	-	7,389
Construcciones Olabarri, S.L.	5,735	86	-	-	-	(1)	-	5,820
Empresa Municipal de Aguas de Benalmádena, S.A.	4,760	285	(180)	-	-	(92)	(789)	3,984
Aguas de Langreo, S.L.	4,260	(29)	-	-	-	(25)	(365)	3,841
FM Green Power Investments, S.L.	16,462	17,672	-	7,289	-	(41,423)	-	-
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.	-	(1,136)	-	-	-	22,124	(20,988)	-
Rest	41,864	1,575	(2,395)	-	-	(7,335)	7,858	41,567
<b>Total joint ventures</b>	<b>181,937</b>	<b>35,464</b>	<b>(21,903)</b>	<b>6,054</b>	<b>-</b>	<b>11,826</b>	<b>(13,087)</b>	<b>200,291</b>

	Balance at 31 December 2019	Profit/(loss) for the year (note 27.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31 December 2020
Sociedad Concesionaria Tranvía de Murcia, S.A.	40,745	1,323	-	-	-	-	1,154	43,222
FM Green Power Investments, S.L.	17,074	22,329	(26,410)	3,022	-	447	-	16,462
Zabalgardi, S.A.	17,234	2,637	(3,000)	(811)	-	-	-	16,060
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	11,735	1,143	-	-	-	(899)	(2)	11,977
Mercia Waste Management Ltd.	10,682	4,307	(2,602)	-	-	(605)	-	11,782
Atlas Gestión Medioambiental, S.A.	11,933	751	(2,876)	-	-	-	-	9,808
Ibisan Sociedad Concesionaria, S.A.	7,291	544	-	369	-	-	-	8,204
Ecoparc del Besós, S.A.	6,638	2,782	(1,834)	217	-	-	-	7,803
Empresa Municipal de Aguas de Benalmádena, S.A.	5,700	273	(346)	(89)	-	-	(778)	4,760
Constructora Nuevo Necaxa Tihuatlán S.A. de C.V.	-	(1,565)	-	-	-	5,974	(4,409)	-
OHL CO Canada & FCC Canada Ltd. Individual	-	(32)	-	-	-	(2,317)	2,349	-
North Tunnels Canada Inc.	6,978	(12)	-	-	-	120	(7,086)	-
Rest	49,422	3,689	(2,464)	(376)	-	(990)	2,578	51,859
<b>Total joint ventures</b>	<b>185,432</b>	<b>38,169</b>	<b>(39,532)</b>	<b>2,332</b>	<b>-</b>	<b>1,730</b>	<b>(6,194)</b>	<b>181,937</b>

In 2021, the column “Translation differences and other movements” includes, on the one hand, the decrease of €41,423 thousand in FM Green Power Investments, S.L., due to its sale in the current year (note 5) and, on the other hand, the increase of €36,719 thousand in As Cancelas Siglo XXI, S.L., owned by the Realía Group, which has been classified as a joint venture in the same year.

The following are the key financial statement aggregates of the joint ventures in proportion to the percentage interest held in the joint ventures at 31 December 2021 and 2020.

	2021	2020
Non-current assets	302,127	783,948
Current assets	161,114	223,706
Non-current liabilities	320,000	669,463
Current liabilities	133,354	311,268
<b>Results</b>		
Net business turnover	230,669	247,455
Operating Profit/(Loss)	49,773	44,069
Profit before tax	42,469	44,078
Profit attributable to the Parent Company	35,464	38,169

The main activities carried out by the joint ventures are the operation of concessions, such as motorways, concessions related to the end-to-end water cycle, urban sanitation activities, tunnels and passenger transport and the rental of real estate assets.

The change in the balance sheet items between the two years is mainly due to the aforementioned disposal of FM Green Power Investments, S.L. in the current year.

In relation to joint ventures with third parties outside the FCC Group, guarantees amounting to €7,564 thousand (€19,885 thousand in 2020) have been provided, mostly to public bodies and private customers to guarantee the successful completion of the agreements for the Group's various activities. The decrease in guarantees between the two years is due to the aforementioned sale of FM Green Power Investments, S.L. There are no relevant commitments or other significant contingent liabilities in relation to joint ventures.

In general, the joint ventures consolidated by the Group using the equity method take the legal form of public or private limited companies and, therefore, as joint ventures, the distribution of funds to their respective parent companies requires the agreement of the other jointly controlling shareholders in accordance with the mechanisms established by their corporate agreements.

#### a) Associates

The breakdown of this caption by company is shown in Annexe III to these annual accounts, which lists the associated companies.

The movements for the business years 2021 and 2020 by item are as follows:

	Balance at 31 December 2020	Profit/(loss) for the year (note 27.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31 December 2021
FCC Group PFI Holdings	82,777	(609)	-	-	8,584	1,591	29,152	121,495
Realia Business Group	278,104	10,716	-	901	-	(289,721)	-	-
Metro de Lima Línea 2, S.A.	26,215	3,143	-	-	-	2,326	-	31,684
Future Valleys Project Co. Limited	24,134	(3,395)	-	5,423	-	(98)	4,909	30,973
Giant Cement Holding	9,973	3,132	-	4,453	-	769	-	18,327
Aguas del Puerto Empresa Municipal, S.A.	13,229	(371)	-	-	-	386	(1,296)	11,948
World Trade Center Barcelona, S.A. de S.M.E.	10,137	443	(676)	-	-	-	-	9,904
Suministro de Agua de Querétaro, S.A. de C.V.	9,135	1,465	(1,561)	-	-	286	-	9,325
Tirme Group	6,782	3,902	(2,528)	-	-	-	-	8,156
Lázaro Echevarría, S.A.	8,065	(21)	-	-	-	(85)	-	7,959
Aigües del Segarra Garrigues, S.A.	7,182	269	-	-	-	22	-	7,473
A.S.A. Group	6,309	2,421	(1,485)	(16)	-	(81)	-	7,148
Codeur, S.A.	6,560	13	(181)	-	-	111	-	6,503
Hormigones y Áridos del Pirineo Aragonés, S.A.	5,940	193	(43)	-	-	-	-	6,090
Gestión Integral de Residuos Sólidos, S.A.	5,298	33	-	-	-	-	-	5,331
Aigües del Vendrell	5,307	(19)	-	-	-	(19)	(1)	5,268
Cafig Constructores, S.A. de C.V.	3,518	2,838	(2,079)	-	-	220	-	4,497
Rest	32,184	604	(753)	-	-	401	9,034	41,470
<b>Total associates</b>	<b>540,849</b>	<b>24,757</b>	<b>(9,306)</b>	<b>10,761</b>	<b>8,584</b>	<b>(283,892)</b>	<b>41,798</b>	<b>333,551</b>



	Balance at 31 December 2019	Profit/(loss) for the year (note 27.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31 December 2020
Realia Business Group	276,540	2,872	-	262	-	(1,570)	-	278,104
FCC Group PFI Holdings	34,326	(1,339)	-	-	14,834	(525)	35,481	82,777
Metro de Lima Línea 2, S.A.	25,704	2,882	-	-	-	(2,371)	-	26,215
Aguas del Puerto Empresa Municipal, S.A.	14,548	(385)	(164)	365	-	-	(1,135)	13,229
Giant Cement Holding	13,661	(3,737)	-	1,124	-	(1,075)	-	9,973
Suministro de Agua de Querétaro, S.A. de C.V.	10,376	1,349	(1,171)	-	-	(1,419)	-	9,135
Lázaro Echevarría, S.A.	8,041	164	(196)	56	-	-	-	8,065
Aigües del Segarra Garrigues, S.A.	6,905	277	-	-	-	-	-	7,182
Tirme Group	7,423	2,486	(3,127)	-	-	-	-	6,782
A.S.A. Group	6,264	1,293	(1,067)	16	-	(197)	-	6,309
Hormigones y Áridos del Pirineo Aragonés, S.A.	5,886	54	-	-	-	-	-	5,940
Aigües del Vendrell	5,302	19	-	(13)	-	-	(1)	5,307
N6 (Construction) Limited	1,035	-	-	-	-	-	-	1,035
Constructora Terminal Valle de México	8,915	474	(9,146)	-	-	178	-	421
Concessió Estacions Aeroport L9, S.A.	63,127	12,789	(4,844)	(4,140)	-	(9,927)	(57,005)	-
Aquos El Realito, S.A. de C.V.	14,483	(835)	-	-	-	(6,664)	(6,984)	-
Urbs Iudex et Causidicus, S.A.	-	2,217	-	2,110	-	(4,327)	-	-
Rest	53,556	2,765	(808)	20	2	1,724	23,116	80,375
<b>Total associates</b>	<b>556,092</b>	<b>23,345</b>	<b>(20,523)</b>	<b>(200)</b>	<b>14,836</b>	<b>(26,173)</b>	<b>(6,528)</b>	<b>540,849</b>

In 2021, in the column “Translation differences and other movements” it is worth highlighting the decrease of €289,721 thousand generated by the change in the consolidation method of the Realia Business Group, which, following its takeover (note 5), is now fully consolidated.

In 2020, the “Translation differences and other movements” column includes a decrease of €9,927 thousand and €4,327 thousand due to the transfer to non-current assets held for sale of Concessió Estacions Aeroport L9, S.A. and Urbs Iudex et Causidicus, S.A., respectively (note 4) and a decrease of € 6,664 thousand as a result of the takeover of control of Aquos El Realito, S.A. de C.V. (note 4). respectively (note 4) and the decrease of € 6,664 thousand as a result of the acquisition of control of Aquos El Realito, S.A. de C.V. (note 5). Also, in the column “Variation in loans granted” there is a decrease of €57,005 thousand in Concessió Estacions Aeroport L9, S.A. due to the aforementioned transfer to non-current assets held for sale (note 4).

The assets, liabilities, turnover and results for 2021 and 2020 are presented below in proportion to the percentage interest in the share capital of each associate.

	2021	2020
Non-current assets	568,152	1,463,563
Current assets	270,297	601,179
Non-current liabilities	519,558	1,366,879
Current liabilities	171,514	283,914
Net business turnover	375,865	433,155
Operating Profit/(Loss)	45,090	83,416
Profit before tax	33,625	42,501
Profit attributable to the Parent Company	24,757	23,345

The variations observed between the two years are mainly due to the change in the consolidation method of the Realia Business group (note 5) explained above.

With regard to the 37.40% stake in the Realia Business Group at 31 December 2020, it should be noted that the value of the stake, based on the stock market price, amounted to €206,269 thousand, lower than its book value of €278,104 thousand. However, its recoverable value was considered to be higher than the stock market value as there were unrealised capital gains on its real estate assets. The summarised financial information at 31 December 2020 to which the equity method was applied is presented below:

<b>Balance Sheet</b>	
<b>2020</b>	
<b>Non-current assets</b>	<b>1,013,251</b>
<b>Current assets</b>	<b>440,637</b>
Cash and equivalents	74,822
Other current assets	365,815
<b>TOTAL ASSETS</b>	<b>1,453,888</b>
<b>Equity</b>	<b>792,231</b>
<b>Equity Parent Company</b>	<b>676,034</b>
Capital	196,864
Reserves	480,813
Own Shares	(7,526)
Profit/(Loss) Parent Company	7,693
Valuation adjustments	(1,810)
<b>Non-controlling interests</b>	<b>116,197</b>
<b>Non-current liabilities</b>	<b>576,698</b>
Non-current financial liabilities	533,602
Other non-current liabilities	43,096
<b>Current liabilities</b>	<b>84,959</b>
Current financial liabilities	47,278
Other current liabilities	37,681
<b>TOTAL LIABILITIES</b>	<b>1,453,888</b>

<b>Income statement</b>	
<b>2020</b>	
<b>Revenue</b>	<b>85,893</b>
<b>Other income</b>	<b>18,543</b>
Operating expenses	(66,655)
Depreciation of fixed and non-current assets	(12,441)
Other operating income/(losses)	(2,979)
<b>Operating Profit/(Loss)</b>	<b>22,361</b>
Finance income	10,609
Finance costs	(15,741)
Miscellaneous financial results	524
<b>Financial Profit/(Loss)</b>	<b>(4,608)</b>
Profit/(loss) of equity-accounted affiliates	813
Net income from impairment of fixed and non-current assets	-
<b>Profit/(loss) before tax from continuing operations</b>	<b>18,566</b>
Corporate income tax	(4,005)
<b>Profit/(loss) for the year from continuing operations</b>	<b>14,561</b>
Profit/(loss) from interrupted operations	-
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>14,561</b>
Profit/(Loss) Parent Company	7,693
Profit/(loss) non-controlling interests	6,868

### 13. JOINT AGREEMENTS. JOINT OPERATIONS

As indicated in note 2.b), section “Joint arrangements”, the Group companies carry out part of their activity through participation in contracts that are operated jointly with other non-Group partners, mainly through joint ventures and other entities with similar characteristics, contracts that have been proportionately included in the accompanying financial statements.

The main aggregates of the jointly operated agreements included under the various headings of the accompanying consolidated balance sheet and consolidated income statement are presented below, in proportion to the interest held in them, at 31 December 2021 and 2020.

	2021	2020
Non-current assets	204,452	208,784
Current assets	1,246,213	1,206,073
Non-current liabilities	55,787	67,603
Current liabilities	1,344,532	1,354,315
<b>Results</b>		
Net business turnover	1,063,186	1,194,580
Gross Operating Profit/(Loss)	108,883	48,541
Net Operating Profit/(Loss)	69,161	18,406

Agreements managed through joint ventures, joint ventures and other similar entities imply joint and several liability for the activity carried out by the participating partners.

In relation to contracts managed jointly with third parties outside the Group, guarantees totalling €1,429,454 thousand (€1,551,830 thousand in 2020) were provided, mostly to public bodies and private customers, to guarantee the successful completion of urban sanitation works and contracts.

The joint ventures have no relevant property, plant and equipment acquisition commitments.

### 14. NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS

There are no significant “Non-current financial assets” or “Other non-current financial assets” in arrears. The most significant items in the accompanying consolidated balance sheet under the aforementioned headings break down as follows:

a) Non-current financial assets

Non-current financial assets at 31 December 2021 and 2020 are distributed as follows:

	Financial assets at amortised cost	Financial assets at fair value charged to reserves	Financial assets at fair value charged to profit and loss	Hedging derivatives	Total
<b>2021</b>					
Equity instruments	-	33,700	-	-	33,700
Derivatives	-	-	621	92	713
Collection rights concession arrangements	421,883	-	-	-	421,883
Deposits and guarantees	73,781	-	-	-	73,781
Other financial assets	73,571	372	-	-	73,943
	<b>569,235</b>	<b>34,072</b>	<b>621</b>	<b>92</b>	<b>604,020</b>
<b>2020</b>					
Equity instruments	-	34,640	-	-	34,640
Derivatives	-	-	5	104	109
Collection rights concession arrangements	397,267	-	-	-	397,267
Deposits and guarantees	62,115	-	-	-	62,115
Other financial assets	86,743	-	-	-	86,743
	<b>546,125</b>	<b>34,640</b>	<b>5</b>	<b>104</b>	<b>580,874</b>

In 2021 there are no significant changes.

The breakdown of “Equity instruments” at 31 December 2021 and 2020 is shown below:

	% Effective ownership	Fair value
<b>2021</b>		
<b>Participations equal to or greater than 5%:</b>		
Shariket Miyeh Djinet, S.p.a	13.01%	10,167
Cafasso N.V.	15.00%	8,777
Vertederos de Residuos, S.A.	16.03%	8,764
Consortio Traza, S.A.	16.60%	3,628
Rest		1,869
<b>Participations below 5%:</b>		
Rest		495
		<b>33,700</b>
<b>2020</b>		
<b>Participations equal to or greater than 5%:</b>		
Shariket Miyeh Djinet, S.p.a	13.01%	10,400
Cafasso N.V.	15.00%	8,777
Vertederos de Residuos, S.A.	16.03%	8,764
Consortio Traza, S.A.	16.60%	3,628
Rest		1,959
<b>Participations below 5%:</b>		
Resto		1,112
		<b>34,640</b>

The expected maturities of “Deposits and guarantees”, “Receivables under concession agreements” and “Other financial assets” are as follows:

2023	2024	2025	2026	2027 and beyond	Total
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Deposits and guarantees	5,456	2,191	833	1,069	64,232	73,781
Collection rights concession agreement (notes 3.a) and 11)	23,886	23,472	22,989	22,549	328,987	421,883
Non-commercial loans and other financial assets	10,214	8,677	8,989	8,607	37,456	73,943
	<b>39,556</b>	<b>34,340</b>	<b>32,811</b>	<b>32,225</b>	<b>430,675</b>	<b>569,607</b>

Non-commercial loans mainly include the amounts granted to public entities for debt refinancing, mainly in the water services activity, that accrue interest in accordance with market conditions. There were no events during the year that suggests uncertainty regarding the recovery of these loans.

The deposits and guarantees basically correspond to those made by legal or contractual obligations in the development of the activities of the Group companies, such as deposits for electrical connections, for the guarantee in the execution of works, for rental of real estate, etc.

#### b) Other current financial assets

This heading of the accompanying consolidated balance sheet includes the financial deposits constituted by contractual guarantees, the collection rights derived from concessionary financial assets (note 11) maturing within less than twelve months, current financial investments made for more than three months to meet certain specific treasury situations, credits granted to companies accounted for using the equity method and loans to current third parties.

The details of "Other Current Financial Assets" at 31 December 2021 and 2020 is as follows:

	Financial assets at amortised cost	Hedging derivatives	Total
<b>2021</b>			
Derivatives	-	73	73
Collection rights concession arrangements	43,945	-	43,945
Deposits and guarantees	61,643	-	61,643
Other financial assets	78,704	-	78,704
	<b>184,292</b>	<b>73</b>	<b>184,365</b>
<b>2020</b>			
Collection rights concession arrangements	53,252	-	53,252
Deposits and guarantees	56,879	-	56,879
Other financial assets	118,521	-	118,521
	<b>228,652</b>	<b>-</b>	<b>228,652</b>

Other financial assets mainly comprise current loans and other receivables from joint ventures and associates amounting to €23,892 thousand (€46,210 thousand in 2020), current loans to third parties amounting to €29,276 thousand (€30,477 thousand in 2020) and deposits with credit institutions amounting to €16,654 thousand (€35,417 thousand in 2020).

The average rate of return obtained by these items is in market returns according to the term of each investment.

## 15. INVENTORIES

The breakdown of “Inventory net of impairment” at 31 December 2021 and 2020 was as follows:

	<b>2021</b>	<b>2020</b>
Real estate	804,423	452,633
Raw materials and other supplies	216,302	225,880
Construction	79,924	102,914
Cement	80,534	71,236
End-to-end Water Management	20,469	22,474
Environmental Services	34,013	27,907
Real Estate	6	-
Concessions	192	197
Corporation	1,164	1,152
Finished goods	16,729	14,813
Advances	69,808	72,278
	<b>1,107,262</b>	<b>765,604</b>

The item “Real estate” includes plots of land for property development, mostly for residential use. This item also includes property developments in the course of production, for which there are sales commitments for a final delivery value to customers of €105,518 thousand (€47,100 thousand in 2020). The advances that some customers have paid on behalf of the aforementioned “Real Estate” are guaranteed by insurance contracts or bank guarantees, in accordance with the requirements established by the regulations in force.

The Group classifies property developments as current on the basis of their production cycle, distinguishing between property developments in progress and completed developments. Property developments in progress are classified as short-cycle when the period to completion is estimated to be less than twelve months, and as long-cycle otherwise. After the development is completed, it is classified as a completed property development.

The composition of the balance of the item “Real estate” at 31 December 2021 and 2020 is as follows:

	Cost	Impairment	Net value
<b>2021</b>			
Land and plots	730,234	(103,079)	627,155
Short-cycle property developments in progress	44,181	(800)	43,381
Long-cycle property developments in progress	143,819	(62,537)	81,282
Finished property developments	61,694	(9,089)	52,605
<b>Total</b>	<b>979,928</b>	<b>(175,505)</b>	<b>804,423</b>
<b>2020</b>			
Land and plots	466,330	(100,393)	365,937
Short-cycle property developments in progress	38,074	(6,745)	31,329
Long-cycle property developments in progress	82,323	(56,593)	25,730
Finished property developments	40,701	(11,064)	29,637
<b>Total</b>	<b>627,428</b>	<b>(174,795)</b>	<b>452,633</b>

The movements in the various items under the heading “Real estate” in the business years 2021 and 2020 were as follows:

	Land and plots	Short-cycle property developments in progress	Long-cycle property developments in progress	Finished property developments	Impairment
<b>Balance at 31 December 2019</b>	<b>470,828</b>	<b>22,456</b>	<b>84,322</b>	<b>25,921</b>	<b>(238,112)</b>
Additions or allocations	6,767	17,683	18,249	18,016	(4,615)
Disposals, derecognitions or reductions	(11,265)	(2,065)	(20,248)	(3,236)	67,932
<b>Balance at 31 December 2020</b>	<b>466,330</b>	<b>38,074</b>	<b>82,323</b>	<b>40,701</b>	<b>(174,795)</b>
Additions or allocations	17,771	40,779	3,686	-	(6,955)
Disposals, derecognitions or reductions	(38,243)	(25,592)	-	(33,503)	6,963
Translation differences	2	-	-	-	(2)
Change in scope, transfers and other changes	284,374	(9,080)	57,810	54,496	(716)
<b>Balance at 31 December 2021</b>	<b>730,234</b>	<b>44,181</b>	<b>143,819</b>	<b>61,694</b>	<b>(175,505)</b>

In 2021, “Changes in scope, transfers and other movements” mainly includes the incorporation of the Realia Business Group, following its takeover, amounting to €334,317 thousand (note 5).

A breakdown of the main real estate products is shown below:



	2021	2020
Estates and promotions Tres Cantos (Madrid)	190,411	200,366
Estates and promotions Arroyo Fresno (Madrid)	68,407	59,406
Estates and Promotions El Molar (Madrid)	53,060	-
Estates and promotions Sant Joan Despí (Barcelona)	43,180	66,889
Estates and promotions Badalona (Barcelona)	38,207	35,804
Estates and Promotions Ensanche Vallecas (Madrid)	25,136	-
Estates and Promotions San Gregorio (Zaragoza)	13,800	-
Estates and Promotions Arroyo Encomienda (Valladolid)	12,230	-
Estates and Promotions Esencia Sabadell (Barcelona)	12,040	-
Estates and Promotions Nueva Condomina Golf (Murcia)	11,610	-
Estates and Promotions Marítimo (Valencia)	10,850	-
Estates and Promotions Valdebebas (Madrid)	9,910	-
Estates and Promotions Torres del Mar (Las Palmas)	9,330	-
Estates and Promotions Las Glorias (Barcelona)	9,320	-
Other properties and developments	296,932	90,168
	<b>804,423</b>	<b>452,633</b>

The increases shown in the table above with respect to 2020 are due, on the one hand, to the balances contributed by the Realía Business Group, as indicated above, and, on the other hand, to new developments under development and the materialisation of commitments to purchase plots of land during the year.

Property inventories are valued at the lower of acquisition or production cost adjusted, where appropriate, to market value.

In order to determine whether impairment exists, the Group has estimated the fair value of the main assets comprising its real estate inventory portfolio through independent third parties (TINSA, Aguirre Newman and GESVALT). The valuations were made following the criteria of IVSC (International Valuation Standards Committee). The Dynamic Residual, comparison and cash flow discount methods were applied as the best approximation of the value. The Dynamic Residual Method is the basic, essential and fundamental method used in the assessment of land and property, and is the most widely accepted method by real estate market participants. However, as it uses different variables in its operating scheme, the data to be used as variables must be extracted directly from the market, through the instrumental use of the benchmarking method.

Through the application of the comparison method, the necessary comparable data are obtained by means of an analysis of the real estate market based on concrete information, which can be used as variables in the dynamic residual method. In the aforementioned selection, the values of those variables that are abnormal have been previously checked in order to identify and eliminate those from transactions and offers that do not meet the conditions required in the definition of fair value, as well as those that could include speculative elements or those that include particular conditions specific to a specific agent and which are far removed from the reality of the market. After defining, determining and specifying the variables to be used in the dynamic residual method, the value of the land, discounted to the closing date of the accompanying consolidated financial statements, is calculated considering the future flows associated with the development and promotion of this land, both collections and payments, based on market price assumptions (basically sale and construction prices) and development, construction and marketing periods in accordance with the circumstances of each specific case.

For the assessments carried out by the independent expert for completed properties, the assessment method used is that of direct comparison with market transactions.

These fair values are extremely sensitive to stress situations or needs to liquidate the asset within a shorter time frame than the assessment. No significant impairment of real estate assets occurred in 2021, as there was previous comfort in prior years' assessments.

The key assumptions considered in making the assessments are:

- Temporary deadlines affecting the obtaining of licences and the commencement of urbanisation and/or construction works.
- Sales range: which affect both a range of sales prices, and the percentage and timing of marketing, and the actual and effective sale of the different properties.
- Discounted rates of cash flows generated that reflect risk and time value of money.

In business year 2021 the total accumulated balance of impairment of property inventories amounts to €175,505 thousand (€174,795 thousand in 2020).

There are no significant commitments to purchase real estate assets at year-end.

The "Raw materials and other supplies" include facilities necessary for the execution of works pending incorporation, building materials and storage elements, spare parts, fuel and other materials necessary in the development of activities.

## 16. COMMERCIAL DEBTORS, OTHER ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

### a) Trade receivables

This heading of the accompanying consolidated balance sheet includes the value of the production and services rendered pending collection, valued as indicated in Note 3.s), which provide the various Group activities and which are the basis of the operating profit.

The following is the breakdown of "Receivables external to the Group" at 31 December 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Progress billings receivable and trade receivables for sales	1,046,885	934,499
Completed output pending certification	676,371	589,130
Warranty retainers	67,133	67,336
Production billed to associated and jointly controlled companies	54,825	60,129
Trade receivables for sales and services	1,845,214	1,651,094
Advances received for orders (Note 22)	(357,807)	(403,626)
<b>Total trade receivables for sales and services</b>	<b>1,487,407</b>	<b>1,247,468</b>

The total shown corresponds to the net balance of debtors, after taking into account adjustments for bad debt risk amounting to €212,501 thousand (€246,764 thousand at 31 December 2020) and deducting the item for advances received for orders shown under "Trade and other payables" on the liabilities side of the accompanying consolidated balance sheet. This item also includes the certified amounts of advances for various items, regardless of whether or not they have been paid.

The loans for commercial operations in default are as follows:

	2021	2020
Construction	58,238	51,739
Environmental Services	266,083	276,540
Water	115,391	113,744
Corporation	46	111
<b>TOTAL</b>	<b>439,758</b>	<b>442,134</b>

Balances are considered to be in default when their due date has passed and they have not been paid by the counterpart. However, it must be taken into account that given the different characteristics of the different sectors in which the FCC Group operates, although certain assets are in default, there is no risk of default, since most of its clients are public clients, in which only delays in collections can occur, as it is entitled to claim the corresponding delay payment surcharges.

The item “Certified production receivable and sales receivables” mainly includes the amount of certifications issued to customers for work performed in the Construction segment amounting to €239,180 thousand (€242,051 thousand at 31 December 2020) and services rendered by the other segments amounting to €807,705 thousand (€692,448 thousand at 31 December 2020), pending collection at the consolidated balance sheet date. In general, there are no disputes in relation to the above.

The difference between the amount of production recorded at inception for each of the works and contracts in progress, assessed according to the criteria set out in note 3.s), and the amount certified up to the date of the consolidated financial statements is recorded as “Production executed pending certification”.

The heading “Completed production pending certification” includes completed work pending certification corresponding to the construction agreements carried out by the Group amounting to €342,375 thousand (€298,199 thousand at 31 December 2020). The aforementioned balance mainly includes the differences between the production executed, valued at selling price, and the certification carried out to date in accordance with the contract in force, amounting to €313,075 thousand (€274,844 thousand at 31 December 2020), i.e. production recognised according to the degree of progress arising from differences between the time at which the production of the work, covered by the contract signed with the customer and approved by the latter, is executed and the time at which the latter proceeds to its certification.

In addition, the heading “Production executed pending certification” includes services rendered mainly in the Environment and Water activities which are invoiced more frequently than monthly, basically corresponding to work carried out in the normal course of business amounting to €249,179 thousand (€232,455 thousand at 31 December 2020).

The amount of customer receivables assigned to financial institutions without recourse against Group companies in the event of default amounted to €2,187 thousand at year-end (at 31 December 2020: €111,103 thousand). The impact on cash flows of loan assignments is reflected in the “Changes in working capital” heading of the Statement of Cash Flows. This amount has been reduced from the “Progress billings receivable and trade receivables for sales”. The variation between the two years is due to the decrease of €107,133 thousand non-recourse disposals of the End-to-end Water Management activity as a result of financial optimisation policies (note 20).

## b) Other receivables

The breakdown of the “Other receivables” at 31 December 2021 and 2020 was as follows:

	2021	2020
Public Administrations - VAT receivable (Note 24)	88,648	108,169
Public Administrations - Other taxes payable (Note 24)	61,581	61,896
Other receivables	106,264	115,496
Advances and credits to staff	1,672	1,561
<b>Total other receivables</b>	<b>258,165</b>	<b>287,122</b>

## c) Other current assets

This heading mainly includes amounts paid by the Group in relation to certain agreements for the provision of services, which have not yet been recognised as expenses in the accompanying income statement as they had not yet been accrued at the end of these financial statements.

## 17. CASH AND CASH EQUIVALENTS

This item includes the Group's cash and cash equivalents, as well as bank deposits and deposits with an original maturity of three months or less. These balances were remunerated at market interest rates in both 2021 and 2020.

The breakdown by currency of the cash and cash equivalents position is as follows for the business years 2021 and 2020:

	2021	2020
Euro	1,041,926	754,035
Pound sterling	214,423	185,751
United States dollar	74,134	95,609
Romanian leu	49,960	21,532
Czech koruna	30,318	22,322
Algerian dinar	22,730	27,317
Other European currencies	3,157	1,320
Latin America (various currencies)	42,746	61,544
Rest	56,131	52,679
<b>Total</b>	<b>1,535,525</b>	<b>1,222,109</b>

Under certain financing agreements, especially project finance, there is an obligation to hold minimum amounts as security for obligations under such agreements amounting to €317.1 million.

## 18. EQUITY

The accompanying Statement of Changes in Total Equity at 31 December 2021 and 2020 shows the evolution of equity attributed to the shareholders of the Parent and non-controlling interests in the respective years.

The Ordinary General Shareholders' Meeting held on 29 June 2021 resolved to distribute a scrip dividend by issuing new ordinary shares with a par value of 1 euro each, without a share premium, of the same class and series as the shares already in circulation, with a charge to reserves. This resolution also included an offer by the company to acquire the free allocation rights at a guaranteed price.

At its meeting on 29 June 2021, following the General Shareholders' Meeting, the Board of Directors of Fomento de Construcciones y Contratas, S.A. resolved to execute the scrip dividend distribution resolution adopted by the Shareholders' Meeting, the most significant characteristics of which are described below:

- Maximum value of the scrip dividend: 163,642,647.20 euros, equivalent to 0.40 euros per share.
- Shareholders received the corresponding allocation rights and could choose between three options: receiving the new shares released, transferring their rights in the market or selling their rights to the company for the guaranteed price of 0.40 euros per share.
- The number of free allotment rights required to receive a new share was set at 25. Shareholders who chose this option also received a compensatory cash dividend of 0,416 euros for each new bonus share received, to make this financially equivalent to transferring their rights to the company.
- At the end of the trading period of the free-of-charge allocation rights on 20 July 2021, holders of 401,675,483 (98.18%) rights opted to receive new shares, while shareholders holding 7,431,135 rights opted to accept the Company's offer to acquire their rights at a guaranteed price. Accordingly, the final number of bonus shares with a par value of 1 euro issued was 16,067,018 shares, corresponding to 3.93% of the share capital prior to the increase, resulting in a cash outflow for the compensatory dividend and also for the rights acquired by the Company of €9,631 thousand.

On 28 July 2021, the public deed to increase the Company's paid-up capital with a charge to voluntary reserves was registered at the Barcelona Companies Registry.

In addition, at the Ordinary General Shareholders' Meeting held on 2 June 2020, a decision was taken to distribute a scrip dividend, with the following characteristics:

- Maximum value of the scrip dividend: 156,905,960.40 euros, equivalent to 0.40 euros per share.
- Shareholders received the corresponding allocation rights and could choose between three options: receiving the new shares released, transferring their rights in the market or selling their rights to the company for the guaranteed price of 0.40 euros per share.
- The number of free allotment rights required to receive a new share was set at 23. Shareholders who chose this option also received a compensatory cash dividend of 0,624 euros for each new bonus share received, to make this financially equivalent to transferring their rights to the company.
- At the end of the trading period for the free allocation rights on 22 June 2020, holders of 387,361,229 (98.75%) rights had chosen to receive new shares, while shareholders holding 4,903,597 rights opted to accept the company's offer to acquire their rights at the guaranteed price. Accordingly, a total of 16,841,792 bonus shares with a nominal value of 1 euro were issued, representing 4.29% of the capital stock prior to the increase.

In October 2021, FCyC, S.L. acquired a stake representing 13.12% of the share capital of Realia Business, S.A. (note 5) in which it previously held significant influence with 37.40%. This transaction has enabled the FCC Group to take control of the Realia subgroup, which has led to an amount of €797,010 thousand being recorded under “Minority interests” in the accompanying consolidated balance sheet.

Additionally, in October, the company Jezzine Uno, S.L.U. joined the FCC Group through a non-monetary capital increase in FCyC, S.L., fully subscribed by Soimob (note 5), so that the latter now holds 19.97% of FCyC, S.L.'s share capital. Consequently, an amount of €226,200 thousand has been recorded under “Minority interests”.

On 21 December 2021, the Realia Group, through its subsidiary Realia Patrimonio, S.L.U., acquired an additional 37.11% stake in Hermanos Revilla, S.A. (note 5). With this acquisition, the Realia Group's direct and indirect shareholding in the aforementioned company amounts to 87.76%. Since prior to the acquisition, the FCC Group already had control of both investees, the difference between the purchase price and the book value of the minority interests acquired has generated a decrease in reserves of €2,946 thousand.

On 29 June 2020, the investee company FCC Aqualia, SA acquired an additional 2% stake in Aquos el Realito, SA de CV, in which it previously held 49% and was consolidated by the equity method, giving the Group a 51% stake (note 5). The aforementioned acquisition allowed Aquos el Realito, S.A. de C.V. to be fully consolidated, which led to the recording of €8,671 thousand under the heading “Minority interests” in the accompanying consolidated balance sheet.

In July 2020, FCC Medio Ambiente UK, SL agreed to sell Icon Infrastructure Partners a minority percentage of 49% of the capital of its subsidiary Green Recovery Projects Limited (note 5). The transaction resulted in the recording of €60,718 thousand under the heading “Minority interests” and €74,215 thousand in reserves, additionally the assessment adjustments increased by €55,300 thousand as the proportional part of the aforementioned existing adjustments prior to the sale transaction was attributed to the minority interests.

The rest of the “Other changes in equity” in the attached Statement of Total Changes in Equity basically includes the distribution of the results obtained by the Group in the previous year.

## **I. Equity attributable to the Parent Company**

### **a) Capital**

The share capital of Fomento de Construcciones y Contratas, S.A. comprises 425,173,636 ordinary shares represented through book entries with a nominal value of 1 euro each.

All shares are fully subscribed and paid and carry the same rights.

The securities representing the capital stock of Fomento de Construcciones y Contratas, S.A. are admitted to official listing on the four Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia) via Spain's Continuous Market.

On 10 June 2020, Samede Inversiones 2010, S.L., a company 100% owned by Esther Koplowitz Romero de Juseu, transferred the 100% holding it held in Dominum Dirección y Gestión, S.L., which in turn held shares in Fomento de Construcciones y Contratas, S.A. representing 15.43% of the capital stock to Control Empresarial de Capitales, S.A. de C.V.

On 27 November 2020, Dominum Dirección y Gestión, S.L. transferred shares in Fomento de Construcciones y Contratas, S.A. representing 7% of its share capital to Finver Inversiones 2020, S.L.U.

Following the aforementioned movements, in relation to the part of the capital held by other companies, directly or through their subsidiaries, when it exceeds 10%, according to the information provided, the company Control Empresarial de Capitales, S.A. de C.V., controlled by the Slim family, holds directly and indirectly, at the date of preparation of these accounts, 69.66%. Furthermore, as indicated in the previous paragraph, the company Finver Inversiones 2020, S.L.U., 100% owned by Inmobiliaria AEG, S.A. de C.V., which in turn is controlled by Carlos Slim Helú, has a 7% holding. Finally, the company Nueva Samede Inversiones 2016, S.L.U. has a direct holding of 4.54% of the capital. Esther Koplowitz Romero de Juseu also holds 138,599 direct shares in Fomento de Construcciones y Contratas, S.A.

#### b) Accumulated earnings and other reserves

The composition of this heading of the accompanying consolidated balance sheet as at 31 December 2021 and 2020 is as follows:

	2021	2020
Reserves of the Parent	1,667,259	1,442,223
Consolidation reserves	475,333	468,515
	<b>2,142,592</b>	<b>1,910,738</b>

##### b.1) Reserves of the Parent

This corresponds to the series of reserves set up by Fomento de Construcciones y Contratas, S.A., parent of the Group, mainly based on retained profits and capital gains and, where appropriate, in compliance with the different applicable legal provisions.

The breakdown at 31 December 2021 and 2020 is as follows:

	2021	2020
Share premium	1,673,477	1,673,477
Legal reserve	81,821	78,453
Reserve for redeemed capital	6,034	6,034
Voluntary reserves and losses from previous years	(94,073)	(315,741)
	<b>1,667,259</b>	<b>1,442,223</b>

##### Share premium

The Spanish Corporate Enterprises Act, as amended, expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

### Legal reserve

In accordance with the Spanish Corporate Enterprises Act, as amended, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve may be used to increase capital provided that the remaining reserve balance is greater than 10% of the increased capital.

Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

As a result of the capital increase arising from the scrip dividend mentioned at the start of this note, the Board of Fomento de Construcciones y Contratas, S.A. decided to provide an additional amount of €3,213 thousand as legal reserve in the distribution of 2021 profit.

### Reserve for redeemed capital

This reserve includes the nominal value of the amortised treasury shares in 2002 and 2008 charged to available reserves, in accordance with the provisions of article 335.c of the Spanish Corporate Enterprises Act. The reserve for amortised capital is unavailable, other than with the same requirements as for capital reduction.

### Voluntary reserves

Reserves for which there is no type of limitation or restriction on their availability, freely constituted through profits and capital gains of the Parent Company once the distribution of dividends has been applied and the provision to legal reserve or other unavailable reserves in accordance with the current legislation.

### **b.2) Consolidation reserves**

This heading of the accompanying consolidated balance sheet includes the consolidated reserves generated in each of the areas of activity. Also, in accordance with IFRS 10 “Consolidated financial statements”, those derived from changes in the shareholding of Group companies are included as long as control is maintained, for the difference between the amount of the purchase or additional sale and the book amount of the interest. Meanwhile, in accordance with IAS 19 “Employee benefits”, this section includes the actuarial profit and loss of pension plans and other social security benefits. The breakdown of this item as at 31 December 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Environment	259,873	130,288
Water	172,730	145,213
Construction	37,670	29,715
Cement	42,441	36,416
Real Estate	(31,376)	(6,918)
Corporation	(6,005)	133,801
	<u>475,333</u>	<u>468,515</u>



### c) Shares and equity interests

This heading includes the Parent Company shares owned by this or other Group companies valued at the cost of acquisition.

The Board of Directors and the subsidiaries are authorised by the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A. to buy back treasury shares within the limits and pursuant to the requirements set out in Article 144 et seq. of the Capital Companies Law.

The movement and balance of treasury shares at 31 December are set out below:

<b>Balance at 31 December 2019</b>	<b>(16,068)</b>
Acquisitions	(1,944)
<b>Balance at 31 December 2020</b>	<b>(18,012)</b>
Acquisitions	(8,662)
<b>Balance at 31 December 2021</b>	<b>(26,674)</b>

	2021		2020	
	Number of shares	Amount	Number of shares	Amount
Fomento de Construcciones y Contratas, S.A.	2,410,758	(26,674)	1,544,773	(18,012)
<b>TOTAL</b>	<b>2,410,758</b>	<b>(26,674)</b>	<b>1,544,773</b>	<b>(18,012)</b>

As at 31 December 2021, the shares of the Parent Company, owned by it or by subsidiaries, represent 0.57% of the capital stock (0.38% as of 31 December 2020).

### d) Valuation adjustments

The breakdown of this accompanying consolidated heading at 31 December 2021 and 2020 was as follows:

	2021	2020
Changes in the fair value of financial instruments	(722)	(125,966)
Translation differences	(113,411)	(149,733)
	<b>(114,133)</b>	<b>(275,699)</b>

#### d.1) Changes in the fair value of financial instruments:

Changes in the fair value of taxes of financial assets at fair value with changes in other comprehensive income (note 14) and of cash flow hedging derivatives (note 23) are included in this heading.

The breakdown of the adjustments due to a change in the fair value of the financial instruments as at 31 December 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Financial assets at fair value with changes in other comprehensive income	7,730	7,785
Vertederos de Residuos, S.A.	7,657	7,657
Rest	<u>73</u>	<u>128</u>
Financial derivatives	(8,452)	(133,751)
Concessió Estacions Aeroport L9, S.A. (nota 4)	-	(83,369)
Cedinsa Group (note 4)	-	8,054
Urbs Iudex et Causidicus, S.A. (nota 4)	-	(29,749)
Future Valleys Project Co. Limited	5,402	-
FCC Group - PFI Holdings	(5,391)	(9,479)
Green Recovery Group	(1,937)	(7,236)
Ibisan Sociedad Concesionaria, S.A.	(1,668)	(2,429)
FM Green Power Investments, S.L.	-	(2,181)
Rest	<u>(4,858)</u>	<u>(7,362)</u>
	<u>(722)</u>	<u>(125,966)</u>

The decrease in this heading is mainly due to the sale to Vauban Infrastructure Partners of 51% of the Cedinsa Group, 49% of Concessió Estacions Aeroport L9, S.A. and 29% of Urbs Iudex et Causidicus, S.A. (note 4).

#### d.2) Translation differences

The amounts comprising this item for each of the most significant companies at 31 December 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
<b>United Kingdom:</b>		
FCC Environment Group (UK)	(54,249)	(55,100)
Green Recovery Group (Note 5)	(36,687)	(52,281)
Dragon Alfa Cement Limited	(3,084)	(3,453)
Rest	<u>(7,563)</u>	<u>(13,566)</u>
	(101,583)	(124,400)
<b>United States of America:</b>		
FCC Group Construcción de América	5,918	11,911
Giant Cement Holding, Inc.	(1,567)	(2,526)
Rest	<u>3,738</u>	<u>(6,354)</u>
	8,089	3,031
<b>Egypt:</b>		
Orasqualia Devel. Waste T.P. S.A.E.	(5,874)	(6,380)
Egypt Environmental Services, S.A.E.	(3,633)	(3,764)
Rest	<u>(2,480)</u>	<u>(2,725)</u>
	(11,987)	(12,869)

<b>Tunisia</b>				
Société des Ciments d'Enfidha	(25,927)		(25,927)	
Rest	<u>(808)</u>	(26,735)	<u>(833)</u>	(26,760)
<b>Latin America:</b>				
FCC Group Construcción de América	3,130		2,790	
Rest	<u>11,054</u>	14,184	<u>9,366</u>	12,156
<b>Other Currencies</b>				
Rest	<u>4,621</u>	4,621	<u>(891)</u>	(891)
		<u>(113,411)</u>		<u>(149,733)</u>

The change in the year is mainly due to the depreciation of the € against the pound sterling and the US dollar.

The net investment before deducting non-controlling interests in currencies other than the euro (converted to euros in accordance with note 3.k), grouped by geographic markets is as follows:

	<u>2021</u>	<u>2020</u>
United Kingdom	517,829	407,302
Argelia	171,624	157,335
Latin America	179,721	124,810
Czech Republic	78,180	70,128
United States of America	53,077	44,161
Rest	<u>190,262</u>	<u>137,311</u>
	<u>1,190,693</u>	<u>941,045</u>

### e) Earnings per share

Basic earnings per share are obtained by dividing the profit attributable to the parent company by the weighted average number of ordinary shares outstanding during the year, with earnings per share of €1.40 in 2021 (€0.66 in 2020).

	<u>2021</u>	<u>2020</u>
<b>Profit or Loss</b>		
Profit attributed to the Parent	580,135	262,179
<b>Outstanding shares</b>		
Weighted average shares	414,184,156	399,978,217
<b>Earnings per share (in euros)</b>	<u>1.40</u>	<u>0.66</u>

As at 31 December 2021 the Group has not issued any kind of instruments that can be converted to shares, so the diluted earnings per share coincide with the basic earnings per share.

## II. Non-controlling interests

The balance of this heading in the accompanying consolidated balance sheet reflects the proportional part of the equity and the profit or loss for the year after tax of those companies in which the Group's non-controlling shareholders have ownership interests.

The breakdown of the balance of non-controlling interests of the main companies at the close of 2021 and 2020 is as follows:

	Equity			Total
	Capital	Reserves	Results	
<b>2021</b>				
FCyC Group (note 5)	11,132	835,054	14,455	860,641
FCC Aqualia Group	71,050	331,065	69,988	472,103
Green Recovery Group (Note 5)	5	75,699	(1,972)	73,732
Cementos Portland Valderrivas Group	1,196	15,824	1,100	18,120
Rest	6,197	(10,796)	13,574	8,975
	<b>89,580</b>	<b>1,246,846</b>	<b>97,145</b>	<b>1,433,571</b>
<b>2020</b>				
FCC Aqualia Group	71,050	283,182	67,884	422,116
Cedinsa Group	118,912	(14,260)	4,611	109,263
Green Recovery Group (Note 5)	5	59,175	306	59,486
Cementos Portland Valderrivas Group	1,869	17,955	2,370	22,194
Rest	6,844	(5,772)	6,250	7,322
	<b>198,680</b>	<b>340,280</b>	<b>81,421</b>	<b>620,381</b>

The main change in this heading in 2021 is due to the full consolidation of the Realia Business subgroup and the entry of a minority shareholder in FCyC, both operations mentioned above (note 5).

## 19. NON-CURRENT AND CURRENT PROVISIONS

The detail of the provisions at 31 December 2021 and 2020 is as follows:

	2021	2020
<b>Non-current</b>	<b>1,167,340</b>	<b>1,064,384</b>
Liabilities for long-term employee benefits	16,831	24,347
Dismantling, removal and restoration of fixed assets	110,001	98,586
Environmental actions	290,115	261,914
Litigation	67,705	53,548
Contractual and legal guarantees and obligations	82,613	70,769
Actuaciones mejora o ampliación capacidad en concesiones	246,983	167,281
Other provisions for risks and expenses	353,092	387,939
<b>Current</b>	<b>147,874</b>	<b>195,152</b>
Close-outs and losses on construction contracts	128,271	175,456
Other provisions	19,603	19,696

The changes in the provisions heading in 2021 and 2020 were as follows:

	Non-current provisions	Current provisions
<b>Balance at 31 December 2019</b>	<b>1,130,199</b>	<b>249,581</b>
Asset withdrawal or dismantling expenses	11,180	-
Change of obligations for employee benefits for actuarial profits and losses	4,889	-
Actions to improve or expand the capacity of concessions	34,442	-
Endowments/(Reversals)	86,053	(4,943)
Applications (payments)	(111,568)	(46,699)
Change of scope, conversion differences and other movements	(90,811)	(2,787)
<b>Balance at 31 December 2020</b>	<b>1,064,384</b>	<b>195,152</b>
Asset withdrawal or dismantling expenses	15,117	-
Change of obligations for employee benefits for actuarial profits and losses	(7,851)	-
Actions to improve or expand the capacity of concessions	85,509	-
Endowments/(Reversals)	103,170	(43,617)
Applications (payments)	(130,728)	(10,448)
Change of scope, conversion differences and other movements	37,739	6,787
<b>Balance at 31 December 2021</b>	<b>1,167,340</b>	<b>147,874</b>

The item “Provisions (reversals)” includes provisions for environmental measures amounting to €37,422 thousand (35,844 thousand euros at 31 December 2020), and also provisions for future replacement or major repairs to concessions amounting to €15,270 thousand (€23,485 thousand at 31 December 2020). It also includes provisions for litigation related to Construction activity works amounting to €29,724 thousand (reversal of €7,051 thousand at December 2020).

The item “Applications (payments)” includes €38,946 thousand (€9,149 thousand at 31 December 2020) for the application of provisions for risks and expenses related to construction work in the Construction business. Also included are payments of €22,369 thousand (€20,401 thousand euros at 31 December 2020), and €11,189 thousand (€13,651 thousand at 31 December 2020) for environmental actions, and for replacement and major repair actions on concessions, respectively. The above movements have an impact on the heading “Other adjustments to profit/(loss) (net) in the consolidated cash flow statement. Additionally, €19,767 thousand (€12,419 thousand at 31 December 2020) and €9,690 thousand (€9,112 thousand at 31 December 2020) are included for actions to improve or expand capabilities in concessions, and provisions for decommissioning and retirement of fixed assets, respectively. These amounts have an impact on the consolidated statement of cash flows under “Payments for investment in property, plant and equipment, intangible assets and investment property”.

The movement in current provisions is mainly due to construction losses in the Construction business.

The item “Changes in scope, transfers, translation differences and other movements” in 2020 includes €59,716 thousand as a result of the transfer to non-current liabilities held for sale of provisions belonging to the Cedinsa subgroup (note 4).

The provisions shown in the accompanying consolidated balance sheet are considered to cover the liabilities that may arise in the course of the Group's various activities.

The schedule of expected payments at 31 December 2021, as a result of the obligations covered by non-current provisions, is as follows:

	Up to 5 years	More than 5 years	Total
Liabilities for long-term employee benefits	4,697	12,134	16,831
Dismantling, removal and restoration of fixed assets	71,345	38,656	110,001
Environmental actions	53,713	236,402	290,115
Litigation	60,099	7,606	67,705
Contractual and legal guarantees and obligations	57,463	25,150	82,613
Actions to improve or expand the capacity of concessions	140,632	106,351	246,983
Other provisions for risks and expenses	215,921	137,171	353,092
	<b>603,870</b>	<b>563,470</b>	<b>1,167,340</b>

#### Liabilities for long-term employee benefits

The non-current provisions of the accompanying consolidated balance sheet include those that cover the commitments of the Group companies in matters of pensions and similar obligations, such as medical and life insurance, as indicated in note 25.

#### Dismantling, removal and restoration of fixed assets

The “Expenses for the withdrawal or dismantling of assets” item includes the counterpart of the highest asset value corresponding to the updated value of the expenses that will be incurred at the time the asset stops being used.

#### Actions to improve or expand the capacity in concessions

The “Actions to improve or expand the capacity of concessions” item includes both the counterpart of the highest value of fixed and non-current assets corresponding to the updated value of the actions on the infrastructure that the concessionaire will carry out during the concession period for improvements and capacity expansion, as well as the cost of future replacement actions or major repairs in concessions of the intangible model.

#### Environmental actions

The FCC Group develops an environmental policy based not only on strict compliance with current legislation on the improvement and protection of the environment, but also through the establishment of preventive planning and analysis and minimisation of the environmental impact of the activities the Group carries out.

The Management of the FCC Group considers that the contingencies relating to the protection and improvement of the environment at 31 December 2021, would not have a significant impact on the accompanying consolidated financial statements, which include provisions to cover the probable environmental risks that may arise.

Note 29 to these notes to the consolidated financial statements, which is devoted to information on the environment, complements the foregoing in relation to environmental provisions.

### Provisions for litigation

Provisions for litigation cover the contingencies of the FCC Aqualia Group companies acting as defendants in certain proceedings in relation to the liability inherent to the business activities carried on by them. Any litigation, which may be significant in number according to estimates made on its final outcome, is not expected to have an impact on the Group's equity.

Appeal proceedings against the sale of Alpine Energie Holding AG terminated in March 2020.

### Contractual and legal guarantees and obligations

This heading includes the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature.

### Provision for settlement and loss of works

This corresponds to budgeted construction losses in accordance with the assessment principles set out in note 3.v), and also to the expenses incurred on construction work after completion until final settlement, systematically determined on the basis of a percentage of the production value throughout the execution of the work in accordance with experience in the construction activity.

### Other provisions for risks and expenses

This heading includes those items not included in the previous denominations, including certain provisions related to Alpine for €23,832 thousand, which are discussed in greater detail in the following paragraphs.

The amount of Other provisions for risks and expenses not related to Alpine covers various risks arising from the Group's activity, which in the normal course of business is exposed to claims mainly due to construction defects or discrepancies in services rendered amounting to €164,238 thousand (€194,964 thousand at December 2020), and also to tax and fiscal claims amounting to €29,641 thousand (€28,874 thousand at December 2020). Part of these risks are covered by insurance contracts and the corresponding provision is provided for uninsured amounts.

It also includes provisions resulting from recognising additional losses above the initial value of the investment in associates after incurring legal or constructive obligations in relation to the investment in the associate, amounting to €37,788 thousand (December 2020: €33,933 thousand), the remaining provisions being of lesser significance and related to the normal operation of the Group.

In relation to the provisions and risks arising from the winding up of the Alpine Group, 2021 saw no significant changes in terms of the amount reported in the Group's 2020 Financial Statements.

In 2006, the FCC Group acquired an absolute majority in Alpine Holding GmbH, hereinafter AH, and thereby, indirectly in its operating subsidiary company, Alpine Bau GmbH, hereinafter AB. Seven years later, on 19 June 2013, AB filed for insolvency before the Commercial Court of Vienna, but after the unfeasibility of the reorganisation proposal was established, the insolvency administrator filed for, and the court decreed, the bankruptcy, closure and liquidation of the company. On 25 June 2013, the liquidation of the company was commenced. As a consequence of the bankruptcy of AB, its parent company, AH filed for bankruptcy before the Commercial Court on 2 July 2013, which declared the bankruptcy and liquidation of AH.

As a result of both bankruptcies, FCC Construcción, S.A. loses control over the Alpine Group, interrupting its consolidation.

As of the date of these consolidated financial statements, the insolvency administrators have reported recognised liabilities of approximately €1,669 million at AB and €550 million at AH in the respective liquidation proceedings. The share of the bankrupt estate in AB currently amounts to 15% whereas for AH's bankruptcy, the bankruptcy administrator has not been able to estimate and determine the share.

Eight years after the bankruptcy of both companies and having definitively closed the criminal proceedings, won proceedings brought by bondholders and settled a backdating action, two proceedings brought by the insolvency administrators against Fomento de Construcciones y Contratas, S.A. and FCC Construcción S.A. are still pending, in addition to other proceedings against auditors, former directors and banks involved in the acquisition of bonds issued by AH in 2010, 2011 and 2012 and admitted to trading on the Luxembourg and Vienna stock exchanges for a combined nominal value of €290 million.

During the refinancing of the Alpine Group between October 2012 and June 2013, FCC Construcción, S.A. provided corporate guarantees to enable AB and a selection of its operating subsidiary companies to bid for and/or be awarded construction work. As of 31 December 2021, provision for this item amounted to 23,832 thousand euros.

Between the bankruptcy of AH and AB and the date on which these financial statements were issued, a number of proceedings were instigated against the Group and directors of AH and AB. At 31 December 2021, and as far as FCC could be directly or indirectly affected, two commercial proceedings and one labour proceeding are still in progress:

- In April 2015, the bankruptcy administrator of Alpine Holding GmbH filed a claim for €186 million against FCC Construcción, S.A. and other ex-executive of AB, considering that these parties should compensate Alpine Holding GmbH for the amounts collected through two bond issues in 2011 and 2012 that were allegedly provided by this company for its subsidiary, Alpine Bau GmbH, without the necessary guarantees and complying with a "mandate-order" from FCC Construcción S.A. On 31 July 2018, the ruling dismissing the claim was handed down and the claimant ordered to pay the costs. Having filed appeals and cassation appeals for procedural infringement, in April 2020, the Austrian Supreme Court declared the need to return the Orders to the Court of Instance so that the testimonial evidence could be practiced in person before the Judge of First Instance. Such testimonial statements took place in June 2021 and, in light of the mandate contained in the Supreme Court Judgment, the judge has yet to decide whether to consider the procedure closed or whether to agree to the practice of the expert evidence requested by the bankruptcy trustee AH.
- In April 2017, a Group company, Asesoría Financiera y de Gestión S.A. was notified of a suit in which an AB bankruptcy administrator made a joint and several claim against the former finance director of Alpine Bau GmbH and against Asesoría Financiera y de Gestión S.A. for the payment of €19 million for the alleged violation of corporate and bankruptcy law, considering that Alpine Bau GmbH, on making a deposit at Asesoría Financiera y de Gestión S.A., allegedly made payments charged against equity, considered to be a capital refund, and therefore prohibited by law. The proceedings are still at the evidentiary phase, the court expert having issued his report according to which the deposit and the factoring transactions between subsidiary companies of AB and Asesoría Financiera y de Gestión S.A. would not have caused any loss to AB. Given the multiplicity of allegations made by the bankruptcy administrator, the judge is weighing the request for a complementary expert report.
- Also in April 2017, a former FCC employee and former executive at AH and AB was notified of a claim filed by the insolvency administrator of Alpine Bau GmbH in the Social Claims Court for 72 million euros. The claimant argues that this amount represents the damage to the bankruptcy estate caused by the alleged delay in initiating insolvency proceedings. In the event that the insolvency administrator's claim is successful and a final judgement is handed down, the subsidiary liability of



the FCC Group could be raised in a remote case due to the explanation contained in note 16 on contingent liabilities.

In relation to these lawsuits, the FCC Group and its legal advisors have not assessed as probable future cash outflows prior to the issuance of these consolidated financial statements and, therefore, no provision has been made, as the Group considers these to be contingent liabilities (note 26).

## 20. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

The general policy of the FCC Group is to provide all companies with the most adequate financing for the normal development of their activity.

Whenever the financial operation so requires, and following a hedging criterion for economic and accounting purposes, the Group contracts interest rate risk hedging operations according to the type and structuring of each operation (note 23).

In certain financings, and especially in structured financing without recourse, the funder includes a contractual clause stating that there must be some type of interest rate coverage, studying the best hedging instrument according to the profile of the cash flows presented by the project, as well as the debt repayment schedule.

### a) Non-current and current obligations and loans

The breakdown of the issues of current obligations and loans is as follows:

	Non-current	Current	Total
<b>2021</b>			
FCC Aqualia, S.A.	650,598	714,925	1,365,523
FCC Servicios Medio Ambiente Holding, S.A.U.	1,096,168	181,600	1,277,768
Severomoravské Vodovody a Kanalizace Ostrava, A.S.	-	219,605	219,605
Fomento de Construcciones y Contratas, S.A.	-	30,000	30,000
FCC Environment UK Group	132,038	6,609	138,647
	<b>1,878,804</b>	<b>1,152,739</b>	<b>3,031,543</b>
<b>2020</b>			
FCC Aqualia, S.A.	1,350,000	15,301	1,365,301
FCC Servicios Medio Ambiente Holding, S.A.U.	1,094,868	123,107	1,217,975
Fomento de Construcciones y Contratas, S.A.	-	302,300	302,300
Severomoravské Vodovody a Kanalizace Ostrava, A.S.	205,830	2,460	208,290
FCC Medio Ambiente Reino Unido, S.A.U.	130,237	6,178	136,415
	<b>2,780,935</b>	<b>449,346</b>	<b>3,230,281</b>

The details of the non-current and current obligations and loans formalised by the Group are detailed below:

- On 8 June 2017, FCC Aqualia, S.A. successfully completed two simple bond issues. One in the amount of €700 million with an annual remuneration of 1,413% and maturing in 2022, which is why it was reclassified as current in 2021, and the second in the amount of €650 million with an annual remuneration of 2,629% and maturing in 2027.

Both issues have the following guarantees:

- Pledge on 100% of the shares of Tratamiento Industrial de Aguas, S.A., Conservación y Sistemas, S.A., Sociedad Española de Aguas Filtradas, S.A., Depurplan 11, S.A. and Aigues de Vallirana, S.A. Unipersonal, and 97% of the shares of Entemanser, SA.
- Pledge on 100% of the shareholdings 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, S.L.
- Pledge on 98% of the shares of Acque di Caltanissetta S.p.A., pending formalisation to extend the pledge to 99.5%; and on 100% of Aqualia Mexico, SA de CV.
- Pledge on the collection rights over certain accounts.

The issuance and circulation of both bonds took place on 8 June 2017, being admitted to trading in the unregulated market (Global Exchange Market) of the Irish Stock Exchange, and with an investment grade rating from the Fitch rating agency. This rating was ratified on 22 September 2021, alongside the rating of FCC Aqualia (BBB<sup>-</sup>).

The balance at 31 December 2021 shown for this item amounts to €1,365,523 thousand (€1,365,301 thousand in 2020), including €15,301 thousand for accrued and unpaid interest (€15,301 thousand in 2020).

At 31 December 2021, the bond prices were 100,263% for the €700 million bond and 109,749% for the €650 million bond.

FCC Aqualia, S.A. was granted a credit line of €900,000 thousand as a contingent credit facility, which matures on 4 May 2022, extendable at the Company's discretion for a further six months, to cover the amount of FCC Aqualia's and SmVak's obligations, which mature in June and July 2022, respectively. This facility has accrued a structuring fee of €900 thousand, of which €450 thousand has been recognised and is pending disbursement at 31 December 2021. On 2 February 2022, an extension of the maturity of the credit facility was signed at the Company's discretion until 31 January 2023.

- On 4 December 2019, FCC Servicios Medioambiente Holding S.A.U., successfully completed two simple bond issues. One in the amount of €600 million, with an annual remuneration of 0,815% and maturing in 2023; and the second in the amount of €500 million, with an annual remuneration of 1,661% and maturing in 2026.

Both issues have the personal guarantee of FCC Medio Ambiente, S.A.U. and FCC Ámbito, S.A.U.

Both bonds were issued and circulated in December 2019, and they were admitted to trading in the unregulated market (Global Exchange Market) of the Irish Stock Exchange, with an investment grade rating from the Fitch rating agency. This rating was ratified on 2 December 2021, with a stable outlook.

Both issues have an opinion by an independent institution, CICERO Shades of Green, stating that the governance procedures of the Company were rated as "Good" and the Bond issues were rated

as “Light Green” issues. On the second anniversary of the issuance, November 2021, the certification body DNV GL confirmed that more than 93% of the total funds raised were already applied to eligible and environmentally sustainable projects.

The balance at 31 December 2021 shown for this item amounts to €1,097,267 thousand (2020: €1,096,075 thousand), including €1,100 thousand for accrued and unpaid interest (2020: €1,207 thousand).

At 31 December 2021, the bond prices were 101,376% for the €600 million bond and 105,152% for the €500 million bond.

FCC Servicios Medioambiente Holding S.A.U. also registered in July 2020 and renewed in 2021 a Euro Commercial Paper Programme (ECP) on the Irish stock exchange (Euronext Dublin) for €400 million, at a fixed interest rate and with a maximum maturity of one year, which allows issues with maturities of between 1 and 364 days from the date of issue, in order to meet the financial needs of the area.

At 31 December 2021 the outstanding amount was €180.5 million spread over different maturities from 4 to 6 months.

- Since November 2018, Fomento de Construcciones y Contratas, S.A. has had a Euro Commercial Paper Programme (ECP) registered on the Irish stock exchange (Euronext Dublin) for an amount of €600 million at December 2021, at a fixed interest rate and with a maximum maturity of one year, which allows it to issue notes with maturities of between 1 and 364 days from the issue date, in order to meet the financial needs of the Group's parent companies.

At 31 December 2021 the outstanding amount was €30,000 thousand (at 31 December 2020: €302,300 thousand), maturing in 2 months.

- The company Severomoravské Vodovody a Kanalizace Ostrava, A.S. (Smvak) issued a local bond in July 2015 to repay another one issued in 2005, with its main characteristics being a fixed rate, a term of 7 years and for an amount of 5,400,000 thousand CZK, with a coupon of 2,625% and with an investment grade rating from the Fitch rating agency.

The balance at 31 December 2021 shown for this item amounts to €219,605 thousand (at 31 December 2020 it was €208,290 thousand), including €2,598 thousand for accrued and unpaid interest (€2,460 thousand in 2020).

There is no collateral for this issue.

- In the context of the Azincourt refinancing process carried out in June 2018, FCC Medio Ambiente Reino Unido issued debt in the total amount of 145,000 thousand pounds sterling in two institutional tranches, both structured through the issuance of Private Placement bonds.

One of the tranches for 135,000 thousand pounds with a fixed rate of 3.98% and the other tranche for 10,000 thousand pounds with a fixed rate of 4,145%, both due on 17 June 2038. 6,342 thousand pounds were repaid in 2021.

The guarantees of this issue are detailed in section 3. of this note.

The balance at 31 December 2021 shown for this item amounts to €138,647 thousand (€136,415 thousand in 2020).

## b) Non-current and current payables to credit institutions

The breakdown at 31 December 2021 and 2020 is as follows:

	Non-current	Current	Total
<b>2021</b>			
Credits and loans	-	200,322	200,322
Debts without recourse to the parent	965,765	230,871	1,196,636
Debts with limited recourse for project financing:	318,603	26,996	345,599
FCC Medio Ambiente Reino Unido, S.A.U.	180,659	11,572	192,231
Aquajerez, S.L.	48,574	4,839	53,413
Rest	89,370	10,585	99,955
	<b>1,284,368</b>	<b>458,189</b>	<b>1,742,557</b>
<b>2020</b>			
Credits and loans	20,011	156,079	176,090
Debts without recourse to the parent	204,697	19,690	224,387
Debts with limited recourse for project financing:	382,891	36,652	419,543
FCC Medio Ambiente Reino Unido, S.A.U.	178,886	10,516	189,402
Aquajerez, S.L.	52,946	4,730	57,676
Rest	151,059	21,406	172,465
	<b>607,599</b>	<b>212,421</b>	<b>820,020</b>

The previous table shows three different Debt groups:

### 1. Credits and loans.

At 31 December 2021, as in 2020, this section mainly includes the financing facilities of FCC, S.A. in the form of credit facilities and bilateral loans signed for an amount of 400 million (€648.5 million at 31 December 2020) with various financial institutions. At 31 December 2021, the balance drawn down from these loans was €200 million (€175 million at 31 December 2020).

### 2. Debts without recourse to the parent.

This item mainly includes financing corresponding to the Real Estate, Water, Cement and Services areas.

- Within the Real Estate area, since October 2021 and as a result of the takeover of the Realia Group and the company Jezzine Uno S.L.U. (note 5), a debt of €498.2 million and €334.2 million, respectively, has been incorporated.

The Realia Group's debt comprises a syndicated loan signed by Realia Patrimonio S.L.U. and several bilateral financings signed by Hermanos Revilla, S.A.

The syndicated loan was signed by Realia Patrimonio on 27 April 2017, for a total amount of €582 million, with partial maturities and final maturity in April 2024.

On 27 April 2020, it entered into a non-extinguishing modifying novation of the aforementioned loan, extending the maturity until 27 April 2025 and renegotiating a reduction in the margin applicable to the reference rate for the calculation of interest and ratifying the current guarantees. As a consequence of this novation, the applicable interest rate is Euribor plus a variable margin based on the Loan to Value ratio.

In addition, the aforementioned company entered into an interest rate swap agreement (IRS) for 70% of the outstanding balance of the loan to reduce the risk of interest rate fluctuations and their impact on cash flows associated with the hedged financing (note 23).

This financing requires compliance with a series of financial ratios until maturity. At 31 December 2021, the Company is in compliance with the covenants.

At 31 December 2021 the outstanding balance of this loan is €465.2 million, excluding IFRS 9 assessment adjustments and arrangement costs arising from the granting of the loan in the amount of €14.1 million and accrued interest in the amount of €1.0 million.

Additionally, the Realia Group includes the company Hermanos Revilla, S.A., which at 31 December 2021 has credit facilities and loans with a limit of €68 million, of which €46 million have been drawn down. The maturity of the bilateral loans will occur during the years 2022-2024.

The financing of the company Jezzine Uno S.L.U. corresponds to a loan agreement signed on 19 October 2021, amounting to €335 million, with partial maturities and final maturity on 19 October 2026. The interest rate applicable to this loan is a fixed market rate.

At 31 December 2021, the outstanding balance of this loan is €335 million, excluding loan arrangement fees of €1.6 million and accrued interest of €0.8 million.

- In the Water Area, the total amount of debt in this section is €203.5 million, including a loan signed by FCC Aqualia S.A. for €200 million, which is fully drawn down at 31 December 2021.
- In the Cement area, on 29 April 2021 Cementos Portland Valderrivas, SA (CPV) proceeded to the full voluntary repayment of the syndicated loan in the amount of €115.5 million. For cancellation of part of the debt, on the same date an intra-group loan was signed between Fomento de Construcciones y Contratas, S.A. as lender and Cementos Portland Valderrivas, S.A. as borrower in the amount of €82.5 million and maturing on 29 April 2022.

During 2021, the aforementioned intra-group loan was voluntarily repaid in full. To repay part of this loan, two bilateral financing operations of €25 million and €50 million were concluded, maturing in June 2026 and July 2024 respectively. Both loans are fully drawn down at 31 December 2021 and bear interest at Euribor plus a market spread.

CPV also has a subordinated financing agreement for an original amount of €79.5 million, maturing on 29 January 2023. On 19 July 2021 an agreement was signed modifying its variable interest rate to a fixed market rate.

At 31 December 2021 and 2020, the outstanding balance of this loan is €70.4 million.

- The rest of the debt in this section corresponds to debt in the Services area, mainly of the FCC Environment CEE subgroup and other national investees.

In addition, at 31 December 2021 FCC Medio Ambiente S.A.U. has signed and undrawn credit facilities of €115 million (€323.5 million at 31 December 2020); and the FCC Environment CEE Group has €22.2 million, of which it has drawn down €0.4 million at 31 December 2021 (€32.9 million signed and undrawn at 31 December 2020).

### 3. Debts with limited recourse for project financing.

These include all financing secured solely by the project itself and its cash-generating capabilities, which will support the entire debt service payment, and which, under no circumstances, will be guaranteed by the parent company Fomento de Construcciones y Contratas, S.A. or any other FCC Group company.

- FCC Medio Ambiente Reino Unido. The FCC Environment (UK) Group currently has a revolving credit facility of £30 million undrawn at 31 December 2021 and maturing in December 2023.

In 2018, FCC Energy Ltd, whose assets are the Eastcroft and Allington incinerators, issued £207.4 million of debt. This debt has a 20-year term (final maturity on 17 June 2038) and three different tranches, two institutional for an initial total amount of 145 million pounds sterling described in section a) of this note, and a commercial tranche of 62.4 million pounds sterling. The interest rate of the commercial tranche is a variable rate hedged with an exchange of interest that makes it fixed plus an upward margin of up to 2.75% during the life of the project.

2.7 million pounds were repaid from commercial tranche in 2021.

The FCC Energy Ltd financing, being project finance, includes the standard guarantees for this type of financing, such as the pledge of the company's shares and the rest of its assets, which include the companies that operate the two waste incineration plants.

Additionally, in October 2016 FCC Environment Developments Ltd. signed a £142 million agreement to design, finance, build and operate the Millerhill Recycling and Energy Recovery Centre (RERC), Midlothian, located on the outskirts of Edinburgh. The plant initially had two syndicated loans, a £75.71 million loan maturing in August 2042 and a £36.9 million loan maturing in May 2020. The margins on the loan maturing in 2042 range from 3% to 3.5%. Write-downs during 2021 amounting to £2.6 million have been made. At the end of 2021 the outstanding debt to be repaid is 70.2 million pounds sterling.

As a result of the foregoing, at 31 December 2021, of the total bank borrowings of FCC Medio Ambiente Reino Unido, S.L.U., €59.7 million (€58.8 million at 31 December 2020) relate to FCC Energy Ltd. and FCC E&M (Edinburgh), an investee of FCC Environment Developments Ltd, €82.6 million (€80.0 million at 31 December 2020); the remaining debt with limited recourse for project financing, up to a total amount of €192.2 million, corresponds to the debt of other companies that make up the FCC Group in the United Kingdom.

- The financing of Aquajerez, S.L. was signed in 2016 and amounted to €40 million, for a term of 15 years with half-yearly repayments from January 2017. During 2019, FCC Aqualia, S.A., which already held 51% of this company, acquired the remaining 49% and proceeded to extend the initial loan to €65 million. At 31 December 2021 the amount of this debt is €53.4 million (57.7 million in 2020).
- Other debt with limited recourse for project financing” includes companies with project financing in the areas of Water, Aquos El Realito, S.A. de C.V. with €40.0 million; Environmental Services,

Gipuzkoa Ingurumena Bi, S.A. with €23.4 million; and Concessions, Concesionaria Túnel de Coatzacoalcos, S.A. de C.V. with €7.5 million.

It was cancelled early in 2021: in the Water area, the debt of Shariket Tahlya Mostaganem, S.p.A. whose balance at 31 December 2020 was €32.9 million; and in the Concessions area, the debt with credit institutions of Autovía Conquense, S.A. which at 31 December 2020 had a balance of €26.9 million.

As at 31 December 2021 there have been no breaches of financial ratios associated with project financing debts, and they are not expected to be defaulted during 2022.

The guarantees granted on these loans are real and are based on the financed assets that repay the debt with own flows, without additional guarantees granted by the Parent to pledge the shares in the vehicle companies that own the aforementioned financial assets that may have been granted.

The breakdown of the debts with credit institutions by currency and amounts available at 31 December 2021 and 2020 is as follows:

	Euros	US dollars	Pounds Sterling	Czech koruna	Rest	Total
<b>2021</b>						
Credits and loans	200,076	246	-	-		200,322
Debt without recourse to the parent	1,191,109	-	-	-	5,527	1,196,636
Debts with limited recourse for project financing	91,472	-	192,231	-	61,896	345,599
	<b>1,482,657</b>	<b>246</b>	<b>192,231</b>	<b>-</b>	<b>67,423</b>	<b>1,742,557</b>
<b>2020</b>						
Credits and loans	175,227	851	-	-	12	176,090
Debt without recourse to the parent	206,876	507	-	8,741	8,263	224,387
Debts with limited recourse for project financing	128,376	-	189,402	-	101,765	419,543
	<b>510,479</b>	<b>1,358</b>	<b>189,402</b>	<b>8,741</b>	<b>110,040</b>	<b>820,020</b>

The credits and loans in US dollars mainly finance assets in the Construction Area and in 2020 also in Services; those contracted in pounds sterling correspond to the financing of assets of FCC Environment UK; those contracted in Czech crowns financed in 2020 the operations of FCC Environment CEE in the Czech Republic; and in the rest of the currencies, in 2021 the financing of Aquos El Realito, S. A. de C.V. in Mexican pesos in the amount of 40,044 thousand and Qatarat Saquia Desalination in Saudi Arabian riyals in the amount of €14,354 thousand At 31 December 2020, the Other currencies included the debt of Shariket Tahlya Mostaganem, S.p.A. in Algerian dinars amounting to €32,903 thousand, which was repaid early in 2021.

**c) Other non-current financial liabilities**

	2021	2020
<b>Non-current</b>		
Lease debt (Note 10)	367,981	376,487
Third party financial debts outside the group	99,940	115,374
Derivative financial liabilities (Note 23)	19,640	38,504
Deposits and guarantees received	65,082	41,995
Other concepts	17,182	16,394
	<b>569,825</b>	<b>588,754</b>

“Derivative financial liabilities” mainly include financial derivatives for risk hedging, mainly interest rate swaps. (note 23).

**d) Other current financial liabilities**

	2021	2020
<b>Current</b>		
Lease debt (Note 10)	64,870	68,599
Interim dividend payable	8,182	18,457
Third party financial debts outside the group	23,740	22,008
Suppliers of fixed assets and bills payable	50,817	35,002
Debts with associated companies and joint ventures	5,274	4,120
Derivative financial liabilities (Note 23)	2,386	5
Deposits and guarantees received	53,845	60,772
Other concepts	134	3,713
	<b>209,248</b>	<b>212,676</b>

“Guarantees and deposits received” includes the advance payment received for the agreement to sell the shareholding in Concesionaria Túnel de Coatzacoalcos, S.A. for 48,396 thousand euros in both years, owned by a company linked to the majority shareholder of the Parent Company. The sale is subject to conditions precedent, not fulfilled at the date of formulation of these consolidated annual accounts.

**e) Schedule of expected due dates**

The schedule of expected due date of debts with credit institutions, obligations and loans and other non-current financial liabilities, is as follows:

	2023	2024	2025	2026	2027 and beyond	Total
<b>2021</b>						
Bonds and other marketable securities	604,176	6,210	7,145	505,656	755,617	1,878,804
Non-current bank borrowings	136,159	151,098	464,542	299,741	232,828	1,284,368
Other financial liabilities	68,842	68,614	37,550	77,908	316,911	569,825
	<b>809,177</b>	<b>225,922</b>	<b>509,237</b>	<b>883,305</b>	<b>1,305,356</b>	<b>3,732,997</b>



**f) Changes in financial liabilities that affect cash flows from financing activities**

Below are details of the changes in non-current and current financial liabilities, differentiating those that affected cash flows from financing activities in the Statement of Cash Flows from the remaining changes:

	Balance at 1 January 2021	Cash flows from financing activities	With no impact on cash flows				Balance at 31 December 2021
			Exchange differences	Change in fair value	Change consolidation method	Other changes	
<b>Non-current</b>	<b>3,977,288</b>	<b>(113,779)</b>	<b>40,077</b>	<b>(21,148)</b>	<b>836,828</b>	<b>(986,269)</b>	<b>3,732,997</b>
Bonds and other marketable securities	2,780,935	1,020	15,417	-	-	(918,568)	1,878,804
Bank borrowings	607,599	(108,135)	16,086	-	811,563	(42,745)	1,284,368
Other financial liabilities	588,754	(6,664)	8,574	(21,148)	25,265	(24,956)	569,825
<b>Current</b>	<b>874,443</b>	<b>(249,389)</b>	<b>14,093</b>	<b>80</b>	<b>26,967</b>	<b>1,153,982</b>	<b>1,820,176</b>
Bonds and other marketable securities	449,346	(273,637)	5,686	-	-	971,344	1,152,739
Bank borrowings	212,421	138,355	1,311	-	18,437	87,665	458,189
Other financial liabilities	212,676	(114,106)	7,096	80	8,530	94,972	209,248

	Balance at 1 January 2020	Cash flows from financing activities	With no impact on cash flows				Balance at 31 December 2020
			Exchange differences	Change in fair value	Change consolidation method	Other changes	
<b>Non-current</b>	<b>5,030,270</b>	<b>(68,305)</b>	<b>(60,635)</b>	<b>31,320</b>	<b>153,446</b>	<b>(1,108,808)</b>	<b>3,977,288</b>
Bonds and other marketable securities	2,800,345	1,425	(22,177)	-	7,732	(6,390)	2,780,935
Bank borrowings	1,319,267	(96,469)	(32,695)	-	75,144	(657,648)	607,599
Other financial liabilities	910,658	26,739	(5,763)	31,320	70,570	(444,770)	588,754
<b>Current</b>	<b>683,611</b>	<b>(219,865)</b>	<b>(7,675)</b>	<b>223</b>	<b>23,216</b>	<b>394,933</b>	<b>874,443</b>
Bonds and other marketable securities	324,604	64,981	(703)	-	311	60,153	449,346
Bank borrowings	155,400	(109,815)	(3,454)	-	132	170,158	212,421
Other financial liabilities	203,607	(175,031)	(3,518)	223	22,773	164,622	212,676

In 2021, under the item “Change in consolidation method”, the amount contributed by the Realia Business Group for €521,169 thousand as a result of being fully consolidated following its takeover in 2021 and €339,251 thousand contributed by the company Jezzine Uno, S.L.U. as a result of its entry into the scope of consolidation on the same date (note 5) are noteworthy.

In 2020, the decrease in the column “Other movements” was mainly due to the transfer to non-current liabilities held for sale of the Cedinsa subgroup (note 4) amounting to €861,282 thousand.

## 21. OTHER NON-CURRENT LIABILITIES

This heading mainly includes performance obligations under the Buckinghamshire plant concession (note 11) arising from the collection of the intangible component in accordance with the conditions set out in the agreement amounting to €122,790 thousand at 31 December 2021 (€118,375 thousand at 31 December 2020).

## 22. TRADE AND OTHER ACCOUNTS PAYABLE

The breakdown of the “Trade and other payables” heading in the liability side of the balance sheet as at 31 December 2021 and 2020 is as follows:

	2021	2010
Suppliers	1,072,129	1,055,643
Current tax liabilities (Note 24)	28,158	8,939
Other payables to Public Administrations (Note 24)	322,006	316,883
Customer advances (Note 16)	357,807	403,626
Remuneration payable	76,518	69,841
Other payables	410,884	418,800
	<b>2,267,502</b>	<b>2,273,732</b>

With regard to the Spanish Institute of Accounting and Accounts Auditing (ICAC) Resolution of 29 January 2016, issued in compliance with the mandate of the Second Additional Provision of Law 31/2014 of 3 December, which amends the Third Additional Provision of Law 15/2010 of 5 July, establishing measures to combat late payment in commercial transactions, in 2021 the Group operated primarily in Spanish territory with public clients including the central government, regional government, local corporations and other public bodies, which settle their payment obligations in periods exceeding the statutory limit in Public Sector Contract legislation, and in Law 3/2004 of 29 December 2004, establishing measures to combat late payment in commercial transactions.

It should be noted that the provisions of section 5 of article 228 of the current Consolidated Text of the Public Sector Contract Law (CTPSCL) apply to the works and supplies derived from contracts signed by the Group with the different Public Administrations.

Due to such circumstances and in order to adapt the Group's financial policy to reasonable efficiency levels, the usual payment periods to suppliers were maintained in 2021 in the sectors in which the Group operates.

The Group'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 Group with the public authorities, pursuant to article 228.5 of the CTPSCL, 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 Group operates.

The Group also acknowledges and pays suppliers, always by mutual agreement, any late-payment interest agreed in the contracts, providing negotiable payment methods accompanied by exchange procedures. Such agreements, aside from being expressly provided for, as mentioned, in the CTPSCL, are admissible under Directive 2011/7/EU of 16 February, of the European Parliament and the Council.

The Group has also entered into confirming line and similar contracts with different financial institutions to facilitate early payment to suppliers. In accordance with these contracts, a supplier may exercise its collection rights against the Group companies or entities and obtain the invoiced amount, less the financial costs for discount and fees applied by those entities and, in some cases, amounts withheld as guarantee. The total amount of contracted lines amounts to €42,795 thousand at 31 December 2021 (€99,270 thousand at 31 December 2020), with a drawn down balance of €11,999 thousand at 31 December 2021 (€8,478 thousand at 31 December 2020). 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 aforementioned Resolution, a table is set out below with information on the average payment period to suppliers for companies located in Spain, for those commercial operations accrued from the date of entry into force of the aforementioned Law 31/2014, i.e. 24 December 2014:

	<u>2021</u>	<u>2020</u>
	<u>Days</u>	<u>Days</u>
Average payment period to suppliers	96	104
Ratio of paid operations/transactions	92	97
Ratio of operations/transactions pending payment	108	126
	<u>Amount</u>	<u>Amount</u>
Total payments made	1,788,644	1,429,479
Total payments pending	486,798	445,894

### 23. DERIVATIVE FINANCIAL INSTRUMENTS

In general, financial derivatives entered into by the FCC Group receive the accounting treatment provided for in the regulations for accounting hedges set forth in note 3.p) of this Report, that is, they are operations that hedge real positions.

The main financial risk hedged by the FCC Group through derivative instruments relates to the fluctuations in floating interest rates to which Group company financing is tied.

During business year 2021, an international reform, known as the “IBOR reform”, was implemented, which envisages the replacement of certain benchmark interbank offered rates (IBORs) with alternative, almost risk-free rates.

The *IBOR* reform is an aspect of continuous monitoring for the FCC Group, as the indices affected by it are references in the Group's financing agreements and derivative financial instruments.

Euribor-linked financial instruments are not exposed to uncertainty at 31 December 2021.

For the rest of the *IBOR* indices affected by the reform, their publication has ceased on 31 December 2021 (except in the case of Libor-dollar, for which the cessation of publication for most of the index maturities has been delayed to June 2023), so that the main market players (regulators, central banks, banks, institutions, etc.) are working on defining the equivalences between these indices and the new near risk-free benchmarks (*Risk Free Rate* benchmarks, hereafter "*RFRs*").

In the particular case of the FCC Group, the exposure to *IBOR* indices affected by the aforementioned reform focuses on its financing and derivatives referenced to LIBOR - GBP (pound sterling), so this reform has not had a significant impact on the Group's financial position or results. However, in view of the uncertainty in the transition period, the Group has identified the transactions affected, in particular the Libor-GBP indexed financial debt and the accompanying hedging derivatives.

The Group has made adjustments to the financing agreements and hedging derivatives affected by the transition.

At 31 December 2021 the FCC Group has contracted hedging transactions with derivative instruments in its fully consolidated companies for an aggregate notional amount of €697,981 thousand (€335,672 thousand at 31 December 2020), mainly in the form of interest rate swaps (IRS), where Group companies pay fixed rates and receive floating rates.

Details of the hedges and their fair value for fully consolidated companies are shown below:

	Derived type	Hedging type	% hedge	Notional 31.12.21	Notional 31.12.20	Valuation at 31 December 2021	Valuation at 31 December 2020	Due date
<b>Companies consolidated by global integration</b>								
FCC Medio Ambiente S.A.U.	IRS	EF	57%	7,164	8,211	(468)	(770)	02/04/2024
	IRS	EF	22%	3,340	3,448	(40)	(68)	02/04/2024
	Option	EF	57%	7,164	8,211	55	108	02/04/2024
RE3 Ltd.	IRS	EF	82%	18,439	18,721	(2,751)	(4,136)	30/09/2029
FCC Energy Ltd.	IRS	EF	100%	9,838	9,681	(499)	(1,179)	17/06/2038
	IRS	EF	100%	61,431	60,446	(3,190)	(7,476)	17/06/2038
FCC Wrexham PFI Ltd.	IRS	EF	95%	17,265	17,508	(3,855)	(5,250)	30/09/2032
						-		
FCC Wrexham PFI (Phase II) Ltd.	IRS	EF	50%	7,173	7,254	(550)	(998)	30/09/2032
	IRS	EF	50%	7,173	7,254	(553)	(1,004)	30/09/2032
FCC (E&M) Ltd.	IRS	EF	50%	-	-	-	-	06/05/2020
	IRS	EF	50%	-	-	-	-	06/05/2020
	IRS	EF	50%	42,125	40,826	(1,312)	(4,385)	06/05/2042
	IRS	EF	50%	42,125	40,826	(1,389)	(4,475)	06/05/2042
Integraciones Ambientales de Cantabria, S.A.	IRS	EF	75%	1,575	3,830	(36)	(158)	31/12/2022
Aquajerez	IRS	EF	70%	21,083	22,708	(541)	(1,143)	15/07/2031
	IRS	EF	30%	16,684	18,145	(87)	(503)	15/07/2031
Gipuzkoa Ingurumena	IRS	EF	38%	8,946	9,378	(560)	(956)	30/06/2034
	IRS	EF	38%	8,946	9,378	(551)	(950)	30/06/2034
Qatarat	IRS	EF	100%	10,219	11,610	(454)	(790)	07/06/2026
	IRS	EF	100%	-	480	-	(6)	25/03/2021
	IRS	EF	100%	3,886	4,816	(96)	(206)	28/11/2024
Aquos El Realito S.A. de C.V	IRS	EF	100%	32,458	32,941	(420)	(3,847)	22/01/2025
Realia	IRS	EF	21%	106,905	-	(1,401)	-	27/04/2024
	IRS	EF	21%	106,905	-	(1,401)	-	27/04/2024
	IRS	EF	13%	64,178	-	(841)	-	27/04/2024
	IRS	EF	9%	47,105	-	(619)	-	27/04/2024
	IRS	EF	6%	31,432	-	(412)	-	27/04/2024
Total FCC Environment CEE GMBH	FX	EF	100%	14,422	-	125	-	22/11/2023
<b>Total global integration</b>				<b>697,981</b>	<b>335,672</b>	<b>(21,846)</b>	<b>(38,192)</b>	

It also shows the maturities of the notional amount for the hedging operations entered into as at 31 December 2021 and broken down in the previous table:

	2022	2023	2024	2025	2026 and beyond
Companies consolidated by global integration	50,315	44,109	360,250	41,475	201,832

At 31 December 2021 the total notional amount of hedges of companies consolidated using the equity method is €40,506 thousand (31 December 2020: €186,256 thousand) and their fair value is €2,842 thousand (31 December 2020: €24,874 thousand).

At 31 December 2020 the derivative hedges of the companies whose assets and liabilities had been transferred to held for sale (note 4) had a total notional amount of €844,043 thousand and a fair value of (€294,109) thousand. Details of the hedges and their fair value are shown below:

	Derived type	Hedging type	% hedge	Notional 31.12.21	Notional 31.12.20	Valuation at 31 December 2021	Valuation at 31 December 2020	Due date
Cedinsa Eix. Llobregat	IRS	EF	70%		114,730		(36,561)	01/05/2033
Cedinsa Eix. Transversal	IRS	EF	80%		291,800		(96,946)	30/10/2033
Cedinsa d'Aro	IRS	EF	85%		30,943		(9,777)	01/05/2033
<b>Total global integration</b>				-	<b>437,473</b>	-	<b>(143,284)</b>	
Urbs Iudex et Causidicus, S.A.	IRS	EF	100%		59,432		(39,666)	30/12/2033
Concessió Estacions Aeroport L9	IRS	EF	varios		347,138		(111,159)	23/12/2033
<b>Total equity method</b>				-	<b>406,570</b>	-	<b>(150,825)</b>	

The following table details the amounts of financial derivatives that the fully consolidated companies have entered into for hedging purposes, but which cannot be considered as such for accounting purposes:

	Derived type	Hedging type	Notional 31.12.21	Notional 31.12.20	Valuation at 31 December 2021	Valuation at 31 December 2020	Due date
<b>Companies consolidated by global integration</b>							
FCC Environment CEE GmbH	FX SWAP	ESP		19,938		(208)	22/11/2023
<b>Total global integration</b>			-	<b>19,938</b>	-	<b>(208)</b>	

The following table provides a reconciliation of the change in the assessment of derivatives, distinguishing hedging derivatives from speculative derivatives and identifying the amounts of which have been recorded in the accompanying consolidated income statement and which in "Other comprehensive income" in the consolidated statement of recognised income and expense:

	Balance at 1 January 2021	Profit/loss from valuation of reserves	Profit/loss from valuation of results	Transfers to the income statement	Inefficiency of the hedging	Other changes	Balance at 31 December 2021
<b>2021</b>							
Hedging	(38,192)	28,841	-	(5,755)	-	(6,740)	(21,846)
Speculative	(208)	-	622	-	-	(414)	-
	Balance at 1 January 2021	Profit/loss from valuation of reserves	Profit/loss from valuation of results	Transfers to the income statement	Inefficiency of the hedging	Other changes	Balance at 31 December 2021
<b>2020</b>							
Hedging	(171,010)	(30,907)	-	16,149	-	147,576	(38,192)
Speculative	(312)	-	175	-	-	(71)	(208)

The column “Other movements” for 2020 mainly includes the reclassification to liabilities held for sale of the Cedinsa subgroup (note 4).

## 24. TAX MATTERS

This Note describes the headings in the accompanying consolidated income statement relating to the tax obligations of each of the Group companies, such as deferred tax assets and liabilities, tax receivables and payables and the corporate income tax expense.

In accordance with file 18/89, the Parent Company of the FCC Group is subject to the Corporation Tax consolidation regime, with all the companies that meet the requirements established by the tax legislation being integrated into said regime. Likewise, part of the subsidiaries that carry out the Water, Real Estate (with regard to the Realia subgroup), Environmental Services in the United Kingdom and FCC Environment Group in Austria, are also taxed in their own consolidated tax group.

In May 2019, the tax authorities completed a procedure to recover state aid, arising from European Commission Decision 2015/314/EU of 15 October 2014, relating to the tax amortisation of financial goodwill from the indirect acquisition of foreign holdings. This procedure aims to adjust the tax incentives applied by the company and FCC Group in prior years as a result of the acquisition of the Alpine, FCC Environment (formerly the WRG Group) and FCC CEE (formerly the ASA Group) Groups. The Tax Administration filed a claim against the Group for a total amount (instalment and late payment interest) equal to 111 million euros. FCC has settled this tax debt but has also filed an economic-administrative appeal against it, which is pending resolution. The Group, in accordance with the opinion of its legal advisors, considers it probable that the amounts already paid under such recovery procedure will be returned. Within the framework of this procedure, the Tax Administration has recognised a negative tax base in favour of the FCC group that has generated an activated tax credit for the amount of €63.2 million.

In June 2020, the tax authorities notified the start of corporate income tax audits of the tax group headed by FCC, S.A., business year 2015 to 2017, the VAT corresponding to the period from June 2016 to December 2017 of FCC, S.A., FCC Construcción, FCC Aqualia, FCC Industrial e Infraestructuras Energéticas and Cementos Portland Valderrivas, and also the withholdings/receipts on account for employment income and professional income corresponding to the period from June 2016 to December 2017 for FCC, S.A., FCC Construcción and FCC Aqualia, and for the period from January to December 2017 for Cementos Portland Valderrivas. In relation to years and taxes open to inspection,

contingent tax liabilities could arise, the amount of which cannot be objectively quantified at present. However, the Group's management considers that the potential liabilities resulting from this situation would not significantly affect the Group's equity.

#### a) Deferred tax assets and liabilities

Deferred tax assets mainly relate to provisions recognised, losses and impairments of assets held for sale, non-deductible financial expenses that will be deductible for tax purposes from taxable income in future years, tax credits and tax loss carry forwards/offsets and differences between accounting and tax depreciation and amortisation.

Specifically, the FCC Group has recognised deferred tax assets corresponding to tax loss carryforwards and deductions pending application, as it considers that there are no doubts as to their recoverability, amounting to €418,642 thousand (€345,095 thousand at 31 December 2020). The increase compared to 2020 is mainly due to the incorporation of the Realia tax group, which at 31 December 2021 contributes capitalised tax credits of €72,619 thousand.

The Group Management has evaluated the recoverability of deferred tax assets by estimating future tax bases, concluding that there is no doubt surrounding their payment.

The estimates used to assess the recoverability of deferred tax assets are based on the estimate of future taxable bases, based on the year's consolidated accounting result before the estimated tax from continuing operations, to which the corresponding permanent and temporary differences that are expected to take place each year have been adjusted. Based on profit projections, it is estimated that there will be sufficient positive taxable income to substantially absorb both the tax losses recognised in the balance sheet and the deferred tax assets over an estimated period of around eleven years.

The estimated accounting profit for the year for the tax group headed by Fomento de Construcciones y Contratas, S.A. is based on the Strategic Plan prepared by the Group for the period 2022-2024. Turnover growth of 7.3% in 2022, 1% in 2023 and 4.3% in 2023 is assumed, mainly due to an improvement in the Cement business, which is expected to increase its contribution, while the projected EBITDA margin ranges between 13.5% and 15% for the period 2022 to 2024. In the subsequent periods, a vegetative growth in profit before tax of 2% is projected. For the tax group headed by FCC Aqualia, S.A., a vegetative growth of 2% has been applied to the profit before tax. In the case of the tax group headed by Realia, the taxable income is estimated on the basis of the projected accounting profit up to 2036 adjusted by those temporary and permanent differences that are expected to reverse in each year.

The deferred tax liabilities recognised by the Group mainly arise from the following:

- The differences between the tax and accounting valuation due to the fair value of assets derived from the corporate acquisitions in the different segments of the Group's activity, as indicated in notes 3.b). In general, these liabilities will not entail any future cash outflows because they revert at the same rate as the amortisation of revalued assets.
- From the tax amortisation of leasing contracts and that of certain items of property, plant and equipment under accelerated tax amortisation plans, and from the unrestricted amortisation on the investments made, which allows them to be fully amortised as long as certain requirements are fulfilled.
- From the profits of temporary joint ventures that will be included in the tax base of the following year's corporate income tax.



The Group, pursuant to the provisions of IAS 12 “Corporation Tax”, has offset the deferred tax assets and liabilities corresponding to the entities, which, in line with the applicable tax legislation, have the legal right to offset these assets and liabilities and will be settled for their net amount based on the corresponding time frames. At 31 December 2020, deferred tax assets and liabilities were offset in the amount of 224,506 thousand euros (123,695 thousand euros at 31 December 2020).

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

ASSETS	2021				2020		
	Tax Group Spain	Realia Tax Group	Resto	TOTAL	Tax Group Spain	Rest	TOTAL
Provisions and impairments	106,844	4,709	43,071	154,624	119,011	40,219	159,230
Tax loss carryforwards	329,197	72,619	16,826	418,642	332,327	12,768	345,095
Non-deductible financial expense	6,141	29,926	4,623	40,690	21,817	5,626	27,443
Planes de pensiones	818	-	917	1,735	455	2,214	2,669
Amortisation/depreciation differences	11,058	548	13,668	25,274	12,514	9,822	22,336
Other	110,739	1,384	30,648	142,771	112,002	33,615	145,617
<b>Total</b>	<b>564,797</b>	<b>109,186</b>	<b>109,753</b>	<b>783,736</b>	<b>598,126</b>	<b>104,264</b>	<b>702,390</b>

LIABILITIES	2021				2020		
	Tax Group Spain	Realia Tax Group	Rest	TOTAL	Tax Group Spain	Rest	TOTAL
Fair value assets from allocation of acquisition differences (IFRS 3)	53,513	12,604	78,046	144,163	60,907	68,524	129,431
Investment property at fair value (IAS 40)	-	79,213	145,336	224,549	-	-	-
Accelerated amortisation/depreciation	2,288	-	108,266	110,554	1,698	89,242	90,940
Profit/(loss) Temporary Joint Ventures	13,091	-	4,217	17,308	11,914	6,332	18,246
Tax impairment of goodwill	2	-	-	2	1,175	-	1,175
Financial leasing	5,270	-	2,503	7,773	4,837	1,993	6,830
Other	18,935	1,770	21,670	42,375	19,667	6,199	25,866
<b>Total</b>	<b>93,099</b>	<b>93,587</b>	<b>360,038</b>	<b>546,724</b>	<b>100,198</b>	<b>172,290</b>	<b>272,488</b>

Below are the expected maturity dates of the deferred taxes:

	2022	2023	2024	2025	2026 and beyond	Total
Assets	78,870	73,759	65,830	138,895	426,382	<b>783,736</b>
Liabilities	36,087	35,934	30,967	30,967	412,769	<b>546,724</b>

The Group has tax credits corresponding to negative tax bases (NTBs), which have not been activated in the financial statements on the basis of a prudent criterion, for the amount of 244.3 million euros. The estimated maturity of non-activated NTBs is shown below:

Maturity time frame	Tax credits (millions of euros)
From 2022 to 2026	35.0
From 2027 to 2031	15.5
From 2032 onwards	27.9
No maturity	165.9
	<b>244.3</b>

Additionally, the Group has unactivated tax credits, corresponding to tax deductions credited and pending application, totalling €20.4 million.

### b) Public administrations

The breakdown at 31 December 2021 and 2020 of the current assets and liabilities included under the “Public administrations” heading is as follows:

#### Current assets

	2021	2020
Value Added Tax receivable (Note 16)	88,648	108,169
Current tax	174,355	101,235
Other tax items (Note 16)	61,581	61,896
	<b>324,584</b>	<b>271,300</b>

#### Current liabilities

	2021	2020
Value Added Tax payable (Note 22)	83,175	93,616
Current tax (note 22)	28,158	8,939
Social Security payable and other tax items (note 22)	238,831	223,268
Deferrals	84	257
	<b>350,248</b>	<b>326,080</b>

### c) Corporate income tax expense

The corporation tax expense incurred in the year amounted to 130,180 thousand euros (86,273 thousand euros in 2020), as detailed in the accompanying consolidated income statement. Below is the reconciliation between expense and accrued tax payment:

	2021			2020		
<b>Consolidated accounting profit for the year before taxes from continuing activities</b>			<b>807,460</b>			<b>429,873</b>
	<b>Additions</b>	<b>Reductions</b>		<b>Additions</b>	<b>Reductions</b>	
Permanent differences	167,434	(497,846)	(330,412)	74,606	(123,814)	(49,208)
<b>Adjusted consolidated accounting profit/(loss) of continuing activities</b>			<b>477,048</b>			<b>380,665</b>
Temporary differences						
-Arising in the year	84,601	(97,173)	(12,572)	179,277	(96,207)	83,070
-Arising in prior years	145,623	(211,951)	(66,328)	112,651	(286,239)	(173,588)
<b>Consolidated tax base of continuing activities (taxable profit)</b>			<b>398,148</b>			<b>290,147</b>

From the previous table, given the magnitude of the amounts, it should be noted that the tax base is the best estimate available at the date of preparing the accounts. The final amount payable will be determined in the tax settlement to be carried out in 2022, so the final settlement may vary as explained in note 3.q) of these notes to the consolidated financial statements.

In 2021, permanent differences include, as decreases, the positive result arising from the business combination whereby control of Realia Business, S.A. is taken over in the amount of €241,701 thousand and also the positive results from the disposals mentioned in note 5. Additionally, as an increase, the amount of the impairment recognised in the goodwill of Uniland (note 7) in the amount of €100,000 thousand is included.

Below is the reconciliation of the expense for corporation tax:

	2021	2020
Adjusted consolidated accounting profit/(loss) of continuing activities	477,048	380,665
Profit tax	(115,308)	(95,802)
Tax credits and tax relief	1,683	3,585
Adjustments for tax rate change	(15,599)	(10)
Other adjustments	(956)	5,954
<b>Corporate income tax</b>	<b>(130,180)</b>	<b>(86,273)</b>

In 2020 the assets and liabilities of the Cedinsa group were reclassified as non-current assets held for sale and liabilities related to non-current assets held for sale respectively (note 4), contributing to the attached income statement a result before tax of €19,518 thousand and a tax on profits of (€5,523) thousand.

Tax rate change adjustments include a negative amount of €14,739 thousand in the UK as a result of the change in tax rate from 19% to 25%.

The main components of the corporate income tax, distinguishing between the current tax, i.e. tax corresponding to the current year and the deferred tax, the latter understood as the impact on profit/(loss) of the origination or reversal of temporary differences that affect the amount of deferred tax assets or liabilities recognised in the balance sheet, is as follows:

	2021	2020
Current tax	(83,726)	(71,412)
Deferred taxes	(46,454)	(14,861)
<b>Corporate income tax</b>	<b>(130,180)</b>	<b>(86,273)</b>

## 25. PENSION PLANS AND SIMILAR OBLIGATIONS

The Spanish Group companies have not generally established any pension plans to supplement the social security pension plans. However, under the Consolidated Pension Plans and Pension Funds Law, in those specific cases in which similar obligations exist, the companies externalise pension and similar obligations to its employees.

The Parent Company has taken out insurance to cover death, permanent employment disability, retirement bonuses and pensions and other concepts for some executive directors and company officers. The contingencies that might give rise to compensation include the termination of the employment relationship for any of the following reasons:

- a) Unilateral decision of the company.
- b) Dissolution or disappearance of the Parent for any reason, including mergers or disposals.
- c) Death or permanent disability.
- d) Other causes of physical or legal incapacitation.
- e) Substantial modification of professional conditions.
- f) Termination after reaching the age of 60, at the request of the officer and in agreement with the company.
- g) Termination after reaching the age of 65 at the officer's sole discretion.

In 2021 and 2020, no new premium contributions have been made for this insurance. As at 31 December 2021, the fair value of the premiums provided covers all the actuarial obligations entered into.

In accordance with article 38.5 of the Bylaws, Fomento de Construcciones y Contratas, S.A. holds a civil liability insurance that covers Directors and Managers. This is a collective policy covering all the Group's executives, and in 2021 a premium of 1,751 thousand euros was paid over (1,474 thousand euros in 2020).

Fomento de Construcciones y Contratas, S.A. has taken out an accident insurance policy for its directors, encompassing both the exercise of their functions and their private life, comprising coverage in the event of death, total and absolute permanent incapacity and severe disability. The premium paid in the year amounts to €5 thousand (€6 thousand in 2020).

Certain foreign companies belonging to the Group assumed the commitment of supplementing the retirement and other similar commitments of its employees through defined benefit plans. Independent actuarial experts measured the commitments accrued and, where appropriate, the assets used, through generally accepted actuarial methods and techniques included, where appropriate, in the accompanying consolidated balance sheet under the "Non-current provisions" heading within "Non-current employee benefit obligations", in line with the criteria set forth by IFRSs (note 19).

The main benefits referred to in the preceding paragraph are the following:

- The companies in the FCC Environment (UK) Group that are resident in the United Kingdom incorporate the benefits undertaken with their employees, represented by assets, in the accompanying consolidated balance sheet at 31 December 2021, in accordance with the plans to pay the benefits, whose fair value amounts to 73,815 thousand euros (62,478 thousand euros at 31 December 2020), with an actuarial value of the accrued obligations of 70,353 thousand euros (70,758 thousand euros at 31 December 2020). The net difference represents an asset of €3,462 thousand, which is not recognised in the accompanying consolidated balance sheet as the company is not entitled to repayments or reductions in future contributions. In the year 2020, a provision of €8,280 thousand was recognised as non-current provisions in the accompanying consolidated balance sheet. Personnel expenses in the accompanying consolidated income statement includes a cost of €470 thousand (€420 thousand at 31 December 2020) for the net difference between the cost of services and the return on plan assets. The average actuarial rate used was 1.8% (1.5% in 2020).

The year's movement of the obligations and assets associated with pension plans and similar obligations is detailed below:

## 2021 Business Year

### *Actual performance of the current value of the obligation*

	FCC Environment Group (UK)
<b>Balances of obligations at the beginning of the year</b>	<b>70,758</b>
Cost of services for the current year	252
Interest costs	1,083
Contributions of the participants	18
Actuarial profits/losses	(4,887)
Exchange differences	4,947
Benefits paid during the year	(1,818)
Cost of past services	-
Settlements	-
<b>Balance obligations at end of year</b>	<b>70,353</b>

**Actual performance of the fair value of affected assets**

	FCC Environment Group (UK)
<b>Affected active balances at the beginning of the year</b>	<b>62,478</b>
Expected return on assets	962
Actuarial profits/losses	6,024
Exchange differences	4,368
Contributions made by the employer	1,879
Contributions made by the participant	18
Benefits paid	(1,914)
Settlements	-
<b>Balance of affected assets at the end of the year</b>	<b>73,815</b>

**Reconciliation of the actual performance of the obligation less the affected assets and the balances effectively recognised in the balance sheet**

	FCC Environment Group (UK)
<b>Net balance obligations less affected assets at the end of the year</b>	<b>(3,462)</b>

**2020 Business Year**

**Actual performance of the current value of the obligation**

	FCC Environment Group (UK)
<b>Balances of obligations at the beginning of the year</b>	<b>64,939</b>
Cost of services for the current year	201
Interest costs	1,210
Contributions of the participants	17
Actuarial profits/losses	9,669
Exchange differences	(3,484)
Benefits paid during the year	-
Cost of past services	25
Settlements	(1,819)
<b>Balance obligations at end of year</b>	<b>70,758</b>

**Actual performance of the fair value of affected assets**

	FCC Environment Group (UK)
<b>Affected active balances at the beginning of the year</b>	<b>59,501</b>
Expected return on assets	1,116
Actuarial profits/losses	5,202
Exchange differences	(3,192)
Contributions made by the employer	1,754
Contributions made by the participant	16
Benefits paid	(1,919)
Settlements	-
<b>Balance of affected assets at the end of the year</b>	<b>62,478</b>

**Reconciliation of the actual performance of the obligation less the affected assets and the balances effectively recognised in the balance sheet**

	FCC Environment Group (UK)
<b>Net balance obligations less affected assets at the end of the year</b>	<b>8,280</b>

## 26. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2021, the Group incurred contingent liabilities, mainly guarantees to third parties, mostly before public bodies and private clients, to secure the correct performance of the urban sanitation works and contracts, for 3,952,987 thousand euros (3,833,058 thousand euros at 31 December 2020).

Additionally, the Group has granted letters of indemnity to certain directors with management and administration duties at subsidiaries, without the any risks for which provisions should be set aside identified during the preparation of these financial statements. Such letters of indemnity are a common practice in multinational companies that expatriate employees due to their double status as company employees and executives of the subsidiary, and are of subsidiary execution in the event that the respective directors' policies do not fully cover the contingency. Letters of indemnity were granted to five executives in relation to the businesses that were maintained by the Group in Alpine.

Fomento de Construcciones y Contratas, S.A. and the Group's subsidiaries are defendants in litigation concerning liability for different activities carried out by the Group in the performance of contracts awarded and for which provisions have been set aside (note 19). These lawsuits, which in number may be significant, are for insignificant amounts when considered on a one-by-one basis. Therefore, given proven experience and existing provisions, the resulting liabilities would not significantly affect the Group's assets.

In relation to the main contingent liabilities arising from the Alpine subgroup's bankruptcy proceedings, it should be noted that the possible financial effects would be the cash outflow of the amount indicated in the respective lawsuits detailed in note 19 of these notes to the consolidated financial statements, plus interest and costs, if any.

On 15 January 2015, the Competition Chamber of the National Markets and Competition Commission issued a decision on file S/0429/12, for an alleged violation of Article 1 of Law 15/2007 on the Defence of Competition. This ruling affects various companies and associations in the waste sector, including Fomento de Construcciones y Contratas, S.A. and other companies that also belong to FCC Group. The Group has filed an administrative appeal before the Spanish National Appellate Court. At the end of January 2018, the judgments handed down by the National High Court were notified, upholding the contentious-administrative appeals filed by Gestión y Valorización Integral del Centro S.L. and BETERTE, S.A. Unipersonal, both companies owned by FCC, against the Resolution of the CNMC imposing several sanctions for alleged collusive practices. In both decisions, the argument put forward by these companies that no single, on-going breach existed was upheld. In April 2018, we were notified of the agreement initiating new legal proceedings for the same conduct investigated in the previous proceedings forming the scope of the upholding decision, commencing an 18-month examining period. In September 2019, an agreement was issued suspending these legal proceedings until the National Court's decision on appeals filed by other companies that had been penalised.

As a result of an internal investigation in May 2019 in application of its compliance policy and regulations, the Group has become aware of the existence of payments between 2010 and 2014, initially estimated at 82 million dollars, which might not be justified and, may, therefore be illegal. The application of the procedures contained in the FCC Group's set of compliance rules made it possible to identify the facts, and the company proceeded to bring them to the attention of the public prosecutors' offices in Spain and Panama, to which it has been providing since then the maximum collaboration for the clarification of the facts within the framework of the "zero tolerance" principle against corruption that permeates the entire FCC Compliance System.

In the context of the aforementioned collaboration, on 29 October 2019, the Central Court of Instruction no. 2 of the National High Court agreed to have FCC Construcción, S.A. and two of its subsidiaries, FCC Construcción America, S.A. and Construcciones Hospitalarias, S.A., investigated within Preliminary Proceedings 34/2017. The case is still in the investigation period, without us being able to determine at this time what type of charges could be filed, if any. These actions may therefore have a financial impact, although we do not have the information needed to qualify this impact.

Additionally, the 2018 agreement for the sale of the 49% FCC Aqualia holding envisages certain variable prices that depend on the resolution of contingent proceedings. The Group, therefore, has not recognised any asset given its contingent nature; likewise, it has not recognised any liability for claims that may arise against its interests, as it is not considered probable that significant losses will be incurred and given that their value is considered insignificant in relation to the transaction price.

Also, as part of the aforementioned sales transaction, FCC Topco S.a.r.l. and its subsidiary FCC Midco, S.A. were constituted, contributing shares representing 10% of the Group's shares in FCC Aqualia to the latter. These shares have been pledged as a guarantee of certain obligations assumed by the Group before FCC Aqualia, mainly in relation to the repayment of the loan that the latter has granted to the Parent Company of the Group for the amount of 806,479 thousand euros. At the date of authorisation for issue of these financial statements, the Group believes that there is no risk that these guarantees will be enforced.

The Group is involved in other lawsuits and legal procedures aside from those already described that it considers will not generate significant cash outflows.



The shareholding of Group companies in jointly controlled operations managed through joint ventures, joint ownership, participation accounts and other entities of similar legal characteristics means that participants must share joint and several liability with respect to the activity carried on (note 13).

In relation to the guarantees received, it should be noted, in general, that the Group only receives guarantees in relation to amounts paid as advances for the purchase of highly specialised equipment that has been ordered, mainly in the Construction and Water segments, for a non-significant amount as a whole. The Group has not obtained any significant assets as a result of the guarantees enforced in its favour or released.

## 27. INCOME AND EXPENDITURE

### a) Operating income

The Group records operating income under “Net turnover”, including interest income from the concession financial model collection rights under IFRIC 12 amounting to €36,374 thousand at 31 December 2021 (31 December 2020: €38,269 thousand), except for work on own property, plant and equipment and other operating income.

Note 28 “Information by activity segments” shows the contribution of the business segments to consolidated net turnover.

Operating income of €32,943 thousand (at 31 December 2020: €35,327 thousand), mainly in the Construction segment, has been recognised in 2021 from performance obligations satisfied or partially satisfied in prior years.

During 2021, €309,111 thousand (at 31 December 2020: €229,065 thousand) previously recognised as customer advances and pre-certified work (notes 16 and 22), which were recognised as revenue under “Trade and other payables”, mainly in the Construction segment, have been recognised under liabilities.

The breakdown of the other operating income for 2021 and 2020 is as follows:

	2021	2020
Income from sundry services	81,297	115,526
CO2 emission allowances (note 29)	7,766	58,909
Reimbursement from insurance compensation	4,129	6,782
Grants related to income	34,497	18,130
Other income	120,310	93,958
	<b>247,999</b>	<b>293,305</b>

“Income from sundry services” mainly includes additional services derived from construction contracts or provision of services not included in the main contracts and income derived from the provision of technical assistance to entities accounted for using the equity method. “Other income” mainly includes excess provisions and rental income when the Group acts as lessor in operating leases in activities other than real estate.

At year-end 2021, the Group has outstanding performance obligations primarily for services rendered in the Environmental Services segment and arising from construction agreements mainly in the

Construction and Water segments amounting to €14,801,564 thousand (€14,434,994 thousand at year-end 2020) which it expects to recognise as revenue in accordance with the following schedule:

	up to 1 year	2 to 5 years	more than 5 years	Total
Environmental Services	1,694,610	4,078,929	4,972,856	<b>10,746,395</b>
Construction	1,602,978	2,378,347	-	<b>3,981,325</b>
End-to-end Water Management	37,176	36,668	-	<b>73,844</b>
	<b>3,334,764</b>	<b>6,493,944</b>	<b>4,972,856</b>	<b>14,801,564</b>

## b) Procurements

The breakdown of the balance of supplies and other external expenses as of 31 December 2021 and 2020 is as follows:

	2021	2020
Subcontracting and work performed by other companies	1,442,802	1,397,896
Purchases and procurements	1,033,343	902,346
	<b>2,476,145</b>	<b>2,300,242</b>

## c) Staff costs

Below is a breakdown of staff expenses for 2021 and 2020:

	2021	2020
Wages and salaries	1,541,542	1,498,269
Social security contributions	447,639	432,248
Other staff costs	51,048	40,593
	<b>2,040,229</b>	<b>1,971,110</b>

Information on the number of employees and their distribution by functional level and gender is provided in the Statement of Non-Financial Information which forms part of the Management Report accompanying these consolidated financial statements.

#### d) Impairment and gains/(losses) on disposal of fixed assets

The breakdown of the balance of the Impairment and gains/(losses) on disposal of fixed assets in the years 2021 and 2020 is as follows:

	2021	2020
Profit/(loss) from takeover of Realia Business, S.A. (notes 5)	241,701	-
Impairment of the commercial fund (note 7)	(100,000)	-
Changes in fair value of investment property (note 9)	16,628	-
Depreciation and amortisation of other property, plant and equipment and intangible assets (endowment) / reversal (notes 7 and 8)	(49,304)	3,955
Profit/(loss) from disposals of other tangible and intangible assets	4,622	2,357
Other concepts	9,930	558
	<b>123,577</b>	<b>6,870</b>

The following results are to be highlighted for 2021:

- as a result of the takeover of Realia Business, S.A. following the acquisition in October 2021 of an additional 13.12% stake by FCyC S.L., a positive operating profit of €241,701 thousand was recognised as the consideration paid was lower than the fair value of the assets acquired (note 5).
- the impairment of goodwill of Corporación Uniland for an amount of €100,000 thousand (note 7) and the impairment of quarries in the Cement business as a result of the expected reduction in their useful life for an amount of 36,011 (note 8).
- a positive result due to the change in the fair value of investment property amounting to €16,628 thousand as a result of the assessment carried out by independent experts of the Realia Group's investment property (note 9).
- A pre-tax gain of €9,643 thousand from the sale of 51% of the Cedinsa Group, included under "Other items" (note 5).

There were no notable events in 2020.

The amount of this item is included in the accompanying consolidated cash flow statement under "Impairment and gains/(losses) on disposal of fixed assets" in the consolidated statement of cash flows.

### e) Financial income and financial expenses

The breakdown of the financial income, according to the assets that generate said income, in 2021 and 2020 is as follows:

	2021	2020
Financial assets at fair value with changes in other comprehensive income	1,447	325
Financial assets at amortised cost	18,218	16,430
Other financial income	5,154	16,715
	<b>24,819</b>	<b>33,470</b>

The decrease in “Other finance income” is mainly due to the lower pass-through of finance costs agreed in relation to the deferral of the collection of certain works in the Construction segment (€710 thousand passed through in 2021 compared to €6,316 thousand passed through in 2020).

The breakdown of financial expenses in 2021 and 2020 is as follows:

	2021	2020
Bonds and other marketable securities	52,775	53,761
Credits and loans	25,975	41,689
Debts with limited recourse for project financing	15,862	24,869
Creditors from leases	12,905	12,644
Assignment of credits	1,440	9,691
Financial update of provisions and other liabilities	19,347	23,704
Other financial expenses	7,017	21,071
	<b>135,321</b>	<b>187,429</b>

### f) Other financial loss

The breakdown of other financial expenses in 2021 and 2020 is as follows:

	2021	2020
Change in fair value of current financial instruments	6,553	175
Exchange gains/(losses)	24,482	(51,259)
Impairment and profits/losses on disposal of financial Instruments	26,484	27
	<b>57,519</b>	<b>(51,057)</b>

In 2021, “Change in fair value of current financial instruments” includes a gain of €5,440 thousand from the contingent collection arising from the sale of 49% of FCC Aqualia, S.A. in 2018 without loss of control (note 26).

The increase in 2021 in exchange rate differences is mainly due to the appreciation of the US dollar (in the year 2020 the US dollar depreciated).

In addition, in 2021, €15,999 thousand of the gain on the disposal of the stake in Nalanda Global, S.A. is included in “Impairment and gains/losses on disposal of financial instruments”.

The amount of this heading is shown in the accompanying consolidated statement of cash flows under the heading “Other adjustments of profit/(loss) (net)”.

### g) Profit/(loss) of entities valued using the equity method

The breakdown for this heading is as follows:

	2021	2020
Profits/(losses) for the year (Note 12)	60,221	61,514
Joint ventures	35,464	38,169
Associates	24,757	23,345
Profits/(losses) on disposals and others	(1,988)	635
	<b>58,233</b>	<b>62,149</b>

In the business year 2021, the line “Gains/losses on disposals and other” includes those from the following transactions:

- sale of 49% of the companies Concessió Estacions Aeroport L9, S.A. and 29% of Urbs Iudex et Causidicus, S.A., which gave the FCC Group a pre-tax profit of €17,617 thousand (note 5).
- sale to Plenium Partners, S.L. of FM Green Power Investments, S.L. and its investees, which gave rise to a pre-tax gain of €39,464 thousand (note 5).
- The acquisition of control of the Realia Business Group, indicated in section d) of this note, which gave rise to a negative result of €58,158 thousand as a result of the fair value of the stake held by the aforementioned company prior to the acquisition of control (note 5).

In the year 2020, this item included a positive result of €635 thousand from the acquisition of control of the company Aquos El Realito, S.A. de C.V.

### h) Profit attributable to non-controlling interests

At 31 December 2021 the result attributable to minority interests amounts to €97,145 thousand (€81,421 thousand at 31 December 2020), mainly due to the amount corresponding to the 49% held by the minority shareholder of the Aqualia subgroup, a segment that contributes an amount of €69,988 thousand at 31 December 2021 (€67,883 thousand at 31 December 2020) (note 28).

In addition, as a result of the incorporation in October 2021 of the company Jezzine Uno, S.L. through a non-monetary capital increase in FCyC, S.L., subscribed by Soimob Inmobiliaria Española, S.A., this company now holds 19.97% of the share capital of FCyC, S.L., the parent company of the Real Estate activity, a segment that contributes an amount of €14,455 thousand at 31 December 2021 (note 5).

## 28. INFORMATION BY ACTIVITY SEGMENTS

### a) Activity segments

The activity segments presented coincide with the business areas, as described in Note 1. The information for each segment, reflected in the tables presented below, has been prepared in line with the management criteria established internally by the Group's management, which are consistent with the accounting policies adopted to prepare and present the Group's consolidated financial statements.

The "Corporation" column includes the activity of the functional areas that carry out support tasks for operations and the operation of those companies whose management is not assigned to any of the business areas.

"Eliminations" includes the elimination of operations between different activity segments.

#### **Income statement by segments**

In particular, the information reflected in the following tables includes, as profit/(loss) for 2021 and 2020:

- All operating income and expenses of subsidiaries and joint management contracts that correspond to the activities carried out by the segment.
- Interest income and expenses generated on the segment's assets and liabilities, dividends and profits and losses on the sale of the segment's financial investments.
- The share in the profits/(losses) of the companies accounted for under the equity method.
- Corporation tax payable corresponding to the transactions carried out by each segment.
- "Contribution to the profit/(loss) of the FCC Group" contains the contribution of each area to the equity attributed to the shareholders of Fomento de Construcciones y Contratas, S.A.

2021	Total Group	Environmental Services	End-to-end Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
Net business turnover	6,659,283	3,244,944	1,169,450	1,659,593	433,755	147,928	54,975	66,402	(117,764)
<i>From external customers</i>	6,659,283	3,238,334	1,167,521	1,615,172	427,365	149,148	54,975	6,768	-
<i>From transactions with other segments</i>	-	6,610	1,929	44,421	6,390	(1,220)	-	59,634	(117,764)
Other income	301,322	76,137	73,385	113,605	17,629	4,961	13,947	41,225	(39,567)
<i>From external customers</i>	301,322	74,918	72,076	114,191	17,435	4,923	13,947	3,832	-
<i>From transactions with other segments</i>	-	1,219	1,309	(586)	194	38	-	37,393	(39,567)
Operating expenses	(5,834,018)	(2,786,012)	(943,924)	(1,670,620)	(375,315)	(112,848)	(31,728)	(72,224)	158,653
Amortisation of fixed assets and allocation of grants for non-financial and other assets	(443,936)	(234,064)	(121,021)	(30,898)	(31,422)	(55)	(7,835)	(18,822)	181
Other operating income/(losses)	119,559	(15,613)	3,428	(578)	(134,987)	258,327	8,982	-	-
<b>Operating Profit/(Loss)</b>	<b>802,210</b>	<b>285,392</b>	<b>181,318</b>	<b>71,102</b>	<b>(90,340)</b>	<b>298,313</b>	<b>38,341</b>	<b>16,581</b>	<b>1,503</b>
<i>Percentage of revenue</i>	12.05%	8.79%	15.50%	4.28%	(20.83%)	201.66%	69.74%	24.97%	(1.28%)
Finance income	24,819	6,534	36,927	3,497	741	146	6,009	42,338	(71,373)
Finance costs	(135,321)	(68,887)	(49,212)	(2,575)	(6,059)	(3,079)	(13,745)	(35,116)	43,352
Miscellaneous financial results	57,519	4,337	(332)	34,787	304	74	12,773	167,890	(162,314)
Profit companies accounted for using the equity method	58,233	18,922	2,815	1,966	3,905	(46,006)	25,958	53,973	(3,300)
<b>Profit/(loss) before tax from continuing operations</b>	<b>807,460</b>	<b>246,298</b>	<b>171,516</b>	<b>108,777</b>	<b>(91,449)</b>	<b>249,448</b>	<b>69,336</b>	<b>245,666</b>	<b>(192,132)</b>
Corporate income tax	(130,180)	(66,041)	(42,860)	(27,406)	613	(12,822)	(7,839)	26,550	(375)
<b>Profit/(loss) for the year from continuing operations</b>	<b>677,280</b>	<b>180,257</b>	<b>128,656</b>	<b>81,371</b>	<b>(90,836)</b>	<b>236,626</b>	<b>61,497</b>	<b>272,216</b>	<b>(192,507)</b>
<b>Consolidated profit/(loss) for the year</b>	<b>677,280</b>	<b>180,257</b>	<b>128,656</b>	<b>81,371</b>	<b>(90,836)</b>	<b>236,626</b>	<b>61,497</b>	<b>272,216</b>	<b>(192,507)</b>
Non-controlling interests	97,145	6,805	69,987	1,352	1,101	14,456	3,444	-	-
<b>Profit attributable to the parent company</b>	<b>580,135</b>	<b>173,452</b>	<b>58,669</b>	<b>80,019</b>	<b>(91,937)</b>	<b>222,170</b>	<b>58,053</b>	<b>272,216</b>	<b>(192,507)</b>
<b>Contribution to the profit of the FCC Group</b>	<b>580,135</b>	<b>173,452</b>	<b>58,669</b>	<b>80,019</b>	<b>(91,937)</b>	<b>222,170</b>	<b>58,053</b>	<b>272,216</b>	<b>(192,507)</b>

2020	Total Group	Environmental Services	End-to-end Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
Net business turnover	6,158,023	2,888,150	1,188,348	1,610,990	382,639	34,810	123,532	63,545	(133,991)
From external customers	6,158,023	2,882,658	1,182,248	1,552,026	376,232	34,810	123,532	6,517	-
From transactions with other segments	-	5,492	6,100	58,964	6,407	-	-	57,028	(133,991)
Other income	327,162	91,180	60,833	189,726	64,718	924	10,911	63,897	(155,027)
From external customers	327,162	89,983	59,871	73,214	64,680	924	10,909	27,581	-
From transactions with other segments	-	1,197	962	116,512	38	-	2	36,316	(155,027)
Operating expenses	(5,437,686)	(2,528,479)	(966,252)	(1,747,133)	(307,504)	(39,522)	(39,812)	(98,004)	289,020
Amortisation of fixed assets and allocation of grants for non-financial and other assets	(477,342)	(233,826)	(117,776)	(34,718)	(32,929)	(4)	(39,069)	(19,201)	181
Other operating income/(losses)	2,583	(1,368)	2,258	2,071	(116)	-	(166)	9	(105)
<b>Operating Profit/(Loss)</b>	<b>572,740</b>	<b>215,657</b>	<b>167,411</b>	<b>20,936</b>	<b>106,808</b>	<b>(3,792)</b>	<b>55,396</b>	<b>10,246</b>	<b>78</b>
Percentage of revenue	9.30%	7.47%	14.09%	1.30%	27.91%	(10.89%)	44.84%	16.12%	(0.06%)
Finance income	33,470	3,403	37,940	24,075	705	5	10,685	163,116	(206,459)
Finance costs	(187,429)	(74,457)	(47,405)	(23,011)	(10,068)	(14,229)	(33,970)	(38,925)	54,636
Miscellaneous financial results	(51,057)	(4,478)	(2,526)	(42,819)	(1,368)	-	89	71,678	(71,633)
Profit companies accounted for using the equity method	62,149	15,045	1,707	922	(2,607)	680	20,573	22,409	3,420
<b>Profit/(loss) before tax from continuing operations</b>	<b>429,873</b>	<b>155,170</b>	<b>157,127</b>	<b>(19,897)</b>	<b>93,470</b>	<b>(17,336)</b>	<b>52,773</b>	<b>228,524</b>	<b>(219,958)</b>
Corporate income tax	(86,273)	(27,859)	(33,338)	1,261	(21,858)	4,517	(9,186)	234	(44)
<b>Profit/(loss) for the year from continuing operations</b>	<b>343,600</b>	<b>127,311</b>	<b>123,789</b>	<b>(18,636)</b>	<b>71,612</b>	<b>(12,819)</b>	<b>43,587</b>	<b>228,758</b>	<b>(220,002)</b>
<b>Consolidated profit/(loss) for the year</b>	<b>343,600</b>	<b>127,311</b>	<b>123,789</b>	<b>(18,636)</b>	<b>71,612</b>	<b>(12,819)</b>	<b>43,587</b>	<b>228,758</b>	<b>(220,002)</b>
Non-controlling interests	81,421	6,148	67,883	481	2,370	-	4,539	-	-
<b>Profit attributable to the parent company</b>	<b>262,179</b>	<b>121,163</b>	<b>55,906</b>	<b>(19,117)</b>	<b>69,242</b>	<b>(12,819)</b>	<b>39,048</b>	<b>228,758</b>	<b>(220,002)</b>
<b>Contribution to the profit of the FCC Group</b>	<b>262,179</b>	<b>121,163</b>	<b>55,906</b>	<b>(19,117)</b>	<b>69,242</b>	<b>(12,819)</b>	<b>39,048</b>	<b>228,758</b>	<b>(220,002)</b>



The contribution of the “Corporation” segment to the results of the FCC Group mainly includes the billing of the support services provided to the rest of the Group's activities under “Other operating income”, the impairment of the investments on the parent companies' shares from the other segments, as well as dividends distributed by group companies that are subsidiaries of the Group's parent company, the financial expenses billed by other group companies as a result of intra-group loans granted to the parent company by other subsidiaries and the financial income billed to other group companies as a result of intra-group loans granted by the parent company to other subsidiaries. All these concepts, as transactions with Group companies, are eliminated as shown under “Eliminations”. Also included are the financial expenses for debts with credit institutions detailed in note 20.

#### **Balance sheet by segments**

2021	Total Group	Environmental Services	End-to-end Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
<b>ASSETS</b>									
<b>Non-current assets</b>	<b>9,074,069</b>	<b>2,988,252</b>	<b>2,595,915</b>	<b>614,852</b>	<b>933,400</b>	<b>2,169,896</b>	<b>403,192</b>	<b>3,717,710</b>	<b>(4,349,148)</b>
Intangible fixed assets	2,445,233	928,593	889,339	77,933	347,885	69	251,164	6,590	(56,340)
<i>Additions</i>	73,127	48,109	23,165	46	29	-	-	1,778	-
Property, plant and equipment	2,862,556	1,567,870	489,862	142,099	482,968	2,344	58	197,930	(20,575)
<i>Additions</i>	368,094	240,204	65,939	45,104	15,442	10	28	1,367	-
Investment property	2,069,187	-	-	-	-	2,069,187	-	-	-
<i>Additions</i>	4,836	-	-	-	-	4,836	-	-	-
Investments accounted for using the equity method	533,842	199,099	67,966	39,850	42,012	48,126	127,234	9,307	248
Non-current financial assets	604,020	234,742	1,117,636	4,690	3,840	14,940	15,585	3,392,058	(4,179,471)
Deferred tax assets	559,231	57,948	31,112	350,280	56,695	35,230	9,151	111,825	(93,010)
<b>Current assets</b>	<b>5,168,089</b>	<b>1,410,000</b>	<b>1,107,069</b>	<b>1,719,351</b>	<b>212,344</b>	<b>910,279</b>	<b>56,819</b>	<b>461,787</b>	<b>(709,560)</b>
Inventory	1,107,262	38,007	34,218	144,874	93,252	796,635	202	1,240	(1,166)
Trade and other receivables	2,277,734	888,935	387,845	773,992	83,755	16,620	6,881	165,663	(45,957)
Other current financial assets	184,365	66,942	78,684	446,915	12,740	25,272	291	215,958	(662,437)
Other current assets	63,203	35,687	4,399	17,548	1,022	4,310	86	151	-
Cash and cash equivalents	1,535,525	380,429	601,923	336,022	21,575	67,442	49,359	78,775	-
<b>Total assets</b>	<b>14,242,158</b>	<b>4,398,252</b>	<b>3,702,984</b>	<b>2,334,203</b>	<b>1,145,744</b>	<b>3,080,175</b>	<b>460,011</b>	<b>4,179,497</b>	<b>(5,058,708)</b>
<b>LIABILITIES</b>									
<b>Equity</b>	<b>4,440,665</b>	<b>689,679</b>	<b>810,664</b>	<b>900,839</b>	<b>789,434</b>	<b>1,780,671</b>	<b>136,049</b>	<b>2,388,847</b>	<b>(3,055,518)</b>
<b>Non-current liabilities</b>	<b>5,565,941</b>	<b>2,784,715</b>	<b>1,162,409</b>	<b>292,139</b>	<b>248,348</b>	<b>1,027,295</b>	<b>265,147</b>	<b>1,079,484</b>	<b>(1,293,596)</b>
Subsidies	192,185	4,882	38,719	-	89	-	148,495	-	-
Non-current provisions	1,167,340	520,563	198,499	214,953	22,250	25,312	39,791	145,972	-
Non-current financial liabilities	3,732,997	1,993,949	868,744	60,097	158,961	837,678	76,846	933,129	(1,196,407)
Deferred tax liabilities	322,219	117,701	52,867	17,089	67,048	164,305	15	383	(97,189)
Other non-current liabilities	151,200	147,620	3,580	-	-	-	-	-	-
<b>Current liabilities</b>	<b>4,235,552</b>	<b>923,858</b>	<b>1,729,911</b>	<b>1,141,225</b>	<b>107,962</b>	<b>272,209</b>	<b>58,815</b>	<b>711,166</b>	<b>(709,594)</b>
Current provisions	147,874	5,177	13,961	118,978	4,897	1,798	1,366	1,697	-
Current financial liabilities	1,820,176	306,990	1,189,076	21,117	21,104	185,273	50,483	686,687	(640,554)
Trade and other payables	2,267,502	608,153	526,874	1,001,130	81,961	85,138	6,966	26,082	(68,802)
Internal relations	-	3,538	-	-	-	-	-	(3,300)	(238)
<b>Total liabilities</b>	<b>14,242,158</b>	<b>4,398,252</b>	<b>3,702,984</b>	<b>2,334,203</b>	<b>1,145,744</b>	<b>3,080,175</b>	<b>460,011</b>	<b>4,179,497</b>	<b>(5,058,708)</b>

2020	Total Group	Environmental Services	End-to-end Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
<b>ASSETS</b>									
<b>Non-current assets</b>	<b>7,130,413</b>	<b>2,792,235</b>	<b>2,541,972</b>	<b>953,282</b>	<b>1,082,897</b>	<b>290,314</b>	<b>388,476</b>	<b>3,920,561</b>	<b>(4,839,324)</b>
Intangible fixed assets	2,437,859	836,432	870,908	77,945	448,025	-	253,633	7,254	(56,338)
<i>Additions</i>	<i>118,940</i>	<i>87,847</i>	<i>28,670</i>	<i>34</i>	<i>448</i>	-	<i>73</i>	<i>1,868</i>	-
Property, plant and equipment	2,810,199	1,493,773	456,512	137,603	527,285	296	45	212,961	(18,276)
<i>Additions</i>	<i>406,764</i>	<i>242,515</i>	<i>116,383</i>	<i>31,019</i>	<i>14,019</i>	<i>23</i>	<i>19</i>	<i>2,786</i>	-
Investment property	-	-	-	-	-	-	-	-	-
<i>Additions</i>	<i>42</i>	-	<i>42</i>	-	-	-	-	-	-
Investments accounted for using the equity method	722,786	163,983	68,269	37,860	35,514	278,758	111,913	25,714	775
Non-current financial assets	580,874	223,597	1,115,194	329,324	7,545	223	14,800	3,555,477	(4,665,286)
Deferred tax assets	578,695	74,450	31,089	370,550	64,528	11,037	8,085	119,155	(100,199)
<b>Current assets</b>	<b>5,704,189</b>	<b>1,304,234</b>	<b>901,514</b>	<b>1,391,258</b>	<b>185,434</b>	<b>507,014</b>	<b>1,472,069</b>	<b>261,771</b>	<b>(319,105)</b>
Non-current assets held for sale	1,392,268	-	-	-	-	-	1,392,268	-	-
Inventory	765,604	31,442	37,449	172,914	82,262	445,469	205	1,232	(5,369)
Trade and other receivables	2,039,451	841,458	283,235	751,333	79,992	27,609	11,624	93,219	(49,019)
Other current financial assets	228,652	74,420	90,251	125,655	5,442	34,907	2,165	160,529	(264,717)
Other current assets	56,105	32,989	4,458	19,261	1,973	(2,980)	86	318	-
Cash and cash equivalents	1,222,109	323,925	486,121	322,095	15,765	2,009	65,721	6,473	-
<b>Total assets</b>	<b>12,834,602</b>	<b>4,096,469</b>	<b>3,443,486</b>	<b>2,344,540</b>	<b>1,268,331</b>	<b>797,328</b>	<b>1,860,545</b>	<b>4,182,332</b>	<b>(5,158,429)</b>
<b>LIABILITIES</b>									
<b>Equity</b>	<b>2,908,694</b>	<b>456,785</b>	<b>726,720</b>	<b>796,793</b>	<b>876,661</b>	<b>708,540</b>	<b>464,401</b>	<b>2,132,708</b>	<b>(3,253,914)</b>
<b>Non-current liabilities</b>	<b>5,531,296</b>	<b>2,749,342</b>	<b>2,048,130</b>	<b>275,622</b>	<b>300,127</b>	<b>10,769</b>	<b>260,504</b>	<b>1,471,721</b>	<b>(1,584,919)</b>
Subsidies	192,961	4,243	44,365	-	100	-	144,253	-	-
Non-current provisions	1,064,384	466,145	140,026	234,302	28,321	10,694	39,099	145,797	-
Non-current financial liabilities	3,977,288	2,023,120	1,812,827	21,599	197,507	75	77,137	1,325,519	(1,480,496)
Deferred tax liabilities	148,794	111,729	47,148	19,721	74,199	-	15	405	(104,423)
Other non-current liabilities	147,869	144,105	3,764	-	-	-	-	-	-
<b>Current liabilities</b>	<b>4,394,612</b>	<b>890,342</b>	<b>668,636</b>	<b>1,272,125</b>	<b>91,543</b>	<b>78,019</b>	<b>1,135,640</b>	<b>577,903</b>	<b>(319,596)</b>
Liabilities related to non-current assets held for sale	1,051,285	-	-	-	-	-	1,051,285	-	-
Current provisions	195,152	4,900	13,273	169,393	3,081	1,451	1,431	1,623	-
Current financial liabilities	874,443	276,694	93,936	39,261	19,593	42,483	76,337	564,391	(238,252)
Trade and other payables	2,273,732	598,044	561,427	1,063,471	68,869	34,085	6,587	22,269	(81,020)
Internal relations	-	10,704	-	-	-	-	-	(10,380)	(324)
<b>Total liabilities</b>	<b>12,834,602</b>	<b>4,096,469</b>	<b>3,443,486</b>	<b>2,344,540</b>	<b>1,268,331</b>	<b>797,328</b>	<b>1,860,545</b>	<b>4,182,332</b>	<b>(5,158,429)</b>

Cash flows by segment

	Total Group	Environmental Services	End-to-end Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
<b>2021</b>									
Operating activities	746,246	440,012	95,239	(42,577)	70,476	94,419	25,474	85,662	(22,459)
Investment activities	193,082	(282,058)	(12,205)	(285,750)	(17,464)	51,648	378,873	(14,050)	374,088
Financing activities	(627,727)	(112,296)	30,010	334,153	(47,575)	(80,634)	(400,445)	692	(351,632)
Other cash flows	1,815	10,846	2,759	8,101	373	-	(20,263)	(1)	-
<b>Cash flows for the year</b>	<b>313,416</b>	<b>56,504</b>	<b>115,803</b>	<b>13,927</b>	<b>5,810</b>	<b>65,433</b>	<b>(16,361)</b>	<b>72,303</b>	<b>(3)</b>
<b>2020</b>									
Operating activities	605,074	265,343	223,652	(53,175)	136,557	(29,825)	117,457	208,971	(263,906)
Investment activities	(401,548)	(221,014)	(75,839)	19,926	(3,658)	(17,895)	(18,111)	(203,633)	118,676
Financing activities	(138,437)	(6,151)	(83,484)	(4,273)	(132,192)	44,933	(92,506)	(9,994)	145,230
Other cash flows	(61,524)	(7,107)	268	(15,319)	(603)	-	(38,813)	50	-
<b>Cash flows for the year</b>	<b>3,565</b>	<b>31,071</b>	<b>64,597</b>	<b>(52,841)</b>	<b>104</b>	<b>(2,787)</b>	<b>(31,973)</b>	<b>(4,606)</b>	<b>-</b>

## b) Activities and investments by geographic markets

The Group performs approximately 41% of its activity abroad (40% in 2020).

The net turnover realised abroad by the Group companies for the business years 2021 and 2020 is distributed among the following markets:

	Total Group	Environmental Services	End-to-end Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
<b>2021</b>									
United Kingdom	855,745	708,332	-	79,626	67,787	-	-	-	-
Czech Republic	346,605	235,784	110,815	6	-	-	-	-	-
Rest of Europe and Others	811,555	351,759	83,670	339,667	30,197	-	-	6,381	(119)
USA and Canada	117,145	111,852	-	1,709	3,584	-	-	-	-
Latin America	258,609	-	48,433	207,594	281	-	2,306	-	(5)
Middle East and Africa	325,804	-	112,363	145,784	69,001	-	-	-	(1,344)
	<b>2,715,463</b>	<b>1,407,727</b>	<b>355,281</b>	<b>774,386</b>	<b>170,850</b>	<b>-</b>	<b>2,306</b>	<b>6,381</b>	<b>(1,468)</b>
<b>2020</b>									
United Kingdom	668,618	605,328	-	10,651	52,639	-	-	-	-
Czech Republic	285,251	184,605	100,644	2	-	-	-	-	-
Rest of Europe and Others	802,884	307,285	83,322	379,110	27,803	-	-	5,845	(481)
USA and Canada	84,999	75,133	-	9,866	-	-	-	-	-
Latin America	176,598	-	57,256	116,292	941	-	2,055	-	54
Middle East and Africa	467,404	-	162,809	246,231	63,369	-	-	-	(5,005)
	<b>2,485,754</b>	<b>1,172,351</b>	<b>404,031</b>	<b>762,152</b>	<b>144,752</b>	<b>-</b>	<b>2,055</b>	<b>5,845</b>	<b>(5,432)</b>

The following items included in the accompanying financial statements are shown below by geographical areas:

	Total Group	Spain	United Kingdom	Czech Republic	Rest of Europe and Others	United States of America and Canada	Latin America	Middle East and Africa
<b>2021</b>								
<b>ASSETS</b>								
Intangible fixed assets	2,445,233	1,352,303	487,559	2,336	250,436	46,543	262,101	43,955
Property, plant and equipment	2,862,556	1,389,079	624,145	323,186	320,259	160,345	11,646	33,896
Investment property	2,069,187	2,069,187	-	-	-	-	-	-
Deferred tax assets	<b>559,231</b>	520,752	5,717	4,874	16,261	-	9,551	2,076
<b>2020</b>								
<b>ASSETS</b>								
Intangible fixed assets	2,437,859	1,398,446	462,520	2,111	251,362	22,603	254,385	46,432
Property, plant and equipment	2,810,199	1,426,708	619,374	298,248	307,572	122,881	16,867	18,549
Investment property	-	-	-	-	-	-	-	-
Deferred tax assets	578,695	522,830	25,076	4,251	14,990	-	8,460	3,088

### c) Personnel

The average number of people employed in 2021 and 2020 by business areas is as follows:

	2021	2020
Environmental Services	41,206	40,362
End-to-end Water Management	9,935	10,296
Construction	7,134	7,936
Cement	1,041	1,049
Real Estate	33	-
Concessions	33	158
Corporation	<b>360</b>	<b>328</b>
	<b>59,742</b>	<b>60,129</b>

## 29. ENVIRONMENTAL INFORMATION

During the meeting held on 3 June 2009, the FCC Board of Directors approved the Environmental Policy of the FCC Group, which responded to the initial objectives of the Corporate Responsibility Master Plan reinforcing the socially responsible commitment in the FCC Group strategy, which is very involved in environmental services.

The FCC Group carries out its activities on the basis of business commitment and responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its ambition to generate wealth and social well-being.

Aware of the importance of preserving the environment and using available resources responsibly, and in line with its vocation to serve through activities with a clear environmental focus, the FCC Group promotes and enhances the following principles, on which its contribution to sustainable development is based, throughout the organisation:

### Continuous improvement

Promote environmental excellence by establishing objectives for the continuous improvement of performance, minimising the negative impacts of the FCC Group's processes, products and services, and enhancing the positive impacts.

### Monitoring and control

Establish environmental indicator management systems for the operational control of processes, which provide the necessary knowledge for the monitoring, evaluation, decision-making and communication of the FCC Group's environmental performance and compliance with the commitments undertaken.

### Climate change and pollution prevention

Lead the fight against climate change through the implementation of processes with lower greenhouse gas emissions, and by promoting energy efficiency and renewable energies.

Preventing pollution and protecting the natural environment through the responsible management and consumption of natural resources and by minimising the impact of emissions, discharges and waste generated and managed by the FCC Group's activities.

### Observation of the environment and innovation

Identify the risks and opportunities of activities in the face of the changing landscape of the environment in order, among other things, to promote innovation and the application of new technologies, as well as the generation of synergies between the various activities of the FCC Group.

### Life cycle of products and services

Enhance environmental considerations in business planning, procurement of materials and equipment, and relations with suppliers and contractors.

### The necessary participation of all parties

Promote the knowledge and application of environmental principles among employees and other stakeholders.

Share experience in the most excellent practices with the different agents in order to promote alternative solutions to those currently in place, which contribute to the achievement of a sustainable environment.

This Environmental Policy is materialised through the implementation of quality management and environmental management systems, as well as follow-up audits, which accredit the FCC Group's performance in this area. Regarding the management of environmental risks, the Group has implemented environmental management systems certified under the ISO 14001 standards, which focus on:

- a) Compliance with applicable regulations and the achievement of environmental objectives that exceed external requirements.
- b) The reduction of environmental impacts through proper planning.
- c) The continuous analysis of risks and possible improvements.

The basic tool to prevent this risk is the environmental plan that each operational unit must prepare and which consists of:

- a) The identification of environmental aspects and applicable legislation.
- b) Impact evaluation criteria.
- c) The measures to be taken.
- d) A system for measuring the objectives achieved.

The very nature of the activity of the Environmental Services Area is aimed at the protection and conservation of the environment, not only through productive activity: (waste collection, road cleaning, operation and control of landfills, sewer cleaning, treatment and disposal of industrial waste, etc.), but also for the development of this activity through the use of production techniques and systems aimed at reducing environmental impact even more meticulously than required by the regulations on these matters.

The development of the production activity of the Environmental Services Area requires the use of buildings, technical installations and specialised machinery that are efficient in protecting and conserving the environment. At 31 December 2021, the acquisition cost of the productive fixed and non-current assets, net of depreciation, of the Environmental Services Area amounted to 2,496,463 thousand euros (2,330,205 thousand euros at 31 December 2020). Environmental provisions, mainly for landfill sealing and closing costs, amount to 452,963 thousand euros (396,384 thousand euros as of 31 December 2020).

The activities carried out by Aqualia are directly linked to the protection of the environment, as the guiding thread of its actions, in collaboration with the different Public Administrations, is the efficient management of the end-to-end water cycle and the search for guarantees for the availability of water resources that allow for the sustainable growth of the populations where it provides its services. One of FCC Aqualia's fundamental objectives is continuous improvement through an Integrated Management System, which includes both the quality management of processes, products and services and environmental management. The main actions carried out are: Water quality control in both collection and distribution, 24-hour service 365 days a year making it possible to fix faults in distribution networks in the shortest possible time, with the consequent saving of water, optimisation of electricity consumption, the elimination of environmental impacts caused by wastewater discharges and the management of energy efficiency in order to reduce the carbon footprint.



Cement companies have fixed and non-current assets for filtering gases that are discharged into the atmosphere, in addition to meeting the commitments made in the environmental recovery of depleted quarries and applying technologies that contribute to the efficient environmental management of processes.

At year-end the Cementos Portland Valderrivas Group has investments related to environmental activities recorded under intangible assets and property, plant and equipment for a total amount of €137,742 thousand (€137,178 thousand in 2020), with accumulated amortisation of €103,775 thousand (€98,447 thousand in 2020). In 2021, it also incurred expenses of €2,380 thousand (2020: €2,437 thousand) to ensure the protection and improvement of the environment, which were recognised under “Other operating expenses” in the accompanying consolidated income statement.

For the cement activity, the Group receives free CO<sub>2</sub> emission rights in accordance with the corresponding national allocation plans. In this regard, it should be noted that in 2021 emission allowances equivalent to 2,710 thousand tonnes per year (5,200 thousand tonnes per year in 2020) have been received, corresponding to the companies Cementos Portland Valderrivas, S.A. and Cementos Alfa, S.A.

“Operating income” in the accompanying consolidated income statement includes income from the sale of greenhouse gas emission allowances in 2021 amounting to €7,766 thousand (€58,909 thousand in 2020).

The Construction Area adopts environmental practices in the execution of the works that allow for a respectful action with the environment, minimising its environmental impact by reducing the emission of dust into the atmosphere, controlling the level of noise and vibrations, controlling water discharges with special emphasis on the treatment of fluids generated by the works, the maximum reduction of waste generation, the protection of the biological diversity of animals and plants, protection of the urban environment due to occupation, pollution or loss of soils and the development of specific training programmes for technicians involved in the process of making decisions with an environmental impact, as well as the implementation of an “Environmental performance code” that establishes the requirements for subcontractors and suppliers regarding the protection and defence of the environment.

The Real Estate Area, in carrying out its usual development activities, considers the environmental impact of its projects and investments as a key aspect. However, it has not been necessary to incorporate systems, equipment or installations for the protection and improvement of the environment into tangible fixed assets.

Nor is it considered that there are no significant contingencies related to the protection and improvement of the environment as at 31 December 2021 that may have a significant impact on the accompanying financial statements.

For more information on the provisions of this note, the reader should refer to the Statement of Non-Financial Information the Group publishes annually, among other channels, on the web page [www.fcc.es](http://www.fcc.es).

### 30. FINANCIAL RISK MANAGEMENT POLICIES

The concept of financial risk refers to the changes in the financial instruments arranged by the Group as a result of political, market and other factors and the repercussion thereof on the financial statements. The risk management philosophy of the Group is consistent with their business strategy, and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, identifying, measuring, analysing and controlling the risks incurred in the Group's operations. The risk policy has been integrated into the Group's organisation in the appropriate manner.

In view of the Group's activities and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

#### a) Capital risk

To manage capital, the main objective of the Group is to reinforce its financial-equity structure, in order to improve the balance between borrowed funds and shareholders' equity, and the Group endeavours to reduce the cost of capital and, in turn, to preserve its solvency status, in order to continue managing its activities and to maximise shareholder value, not only at Group level, but also at the level of the parent, Fomento de Construcciones y Contratas, S.A.

The Group's basic capital base is equity in the balance sheet which, for management and monitoring purposes, excludes the item "Changes in fair value of financial instruments" and "Translation differences".

The first of these headings is disregarded for management purposes as it is considered as part of interest rate management, since it is the result of the assessment of instruments that transform floating-rate debt into fixed-rate debt. Translation differences, meanwhile, are managed within the exchange rate risk.

Given the sector in which it operates, the Group is not subject to external capital requirements, although this does not prevent the frequent monitoring of equity to guarantee a financial structure based on compliance with the prevailing regulations of the countries in which it operates, also analysing the capital structure of each of the subsidiaries to enable an adequate distribution between debt and capital.

Proof of the foregoing are the extensions made in 2014 for 1,000,000 thousand euros and in 2016 for 709,519 thousand euros, both aimed at strengthening the capital structure of the Company.

As described in Note 20 on Non-current and current financial liabilities, two simple bonds were issued in December 2019 by FCC Servicios Medioambiente Holding, S.A.U. in the amount of 1.1 billion euros. Additionally, in July 2020, FCC Servicios Medioambiente Holding S.A.U. registered a promissory note programme - Euro Commercial Paper Programme (ECP) - on the Irish stock market, which it has renewed in 2021 for an amount of €400 million; and Fomento de Construcciones y Contratas, S. A. has had a Euro Commercial Paper Programme (ECP) registered in the same market since November 2018 for €600 million, with the balance drawn down at 31 December 2021 amounting to €30 million. In 2021 new financing facilities were also taken out in the form of lines of credit and bilateral loans.

In addition, in 2021 Cementos Portland Valderrivas S.A. voluntarily repaid in advance all of its syndicated financing for a total of €115.5 million and arranged new bilateral financing facilities.

These operations have made it possible to continue completing the process of debt reduction and financial reorganisation and to continue with the policy of diversifying the sources of financing, all of

which has contributed to achieving a much more solid and efficient capital structure, with amounts, terms and costs of financing appropriate to the nature of the different business areas.

The Finance Division, as responsible for financial risk management, regularly reviews the debt-equity ratio and compliance with financing covenants, together with the capital structure of the subsidiaries.

#### b) The FCC Group is exposed to currency exchange risk

A noteworthy consequence of the Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be arranged in the same currency.

Although the benchmark currency in which the Group mainly operates is the euro, the Group also holds financial assets and liabilities accounted for in currencies other than the euro. Exchange rate risk is mainly found in debt denominated in foreign currency, except when this entails a natural hedge of the assets financed since they are denominated in the same currency, in investments in international markets, and in collections and payments in currencies other than the euro.

The following shows the composition by currencies of the Group's gross debt at 31 December 2021:

	CONSOLIDATED (thousands of euros)							TOTAL
	Euro	Dollar	Pound	Czech Koruna	Rest of Europe non-euro	Latin America	Rest	
Gross debt	4,254,887	25,475	358,263	219,113	5,559	62,275	19,955	4,945,527
Financial assets	(1,117,040)	(88,676)	(235,384)	(54,949)	(55,043)	(64,424)	(104,302)	(1,719,818)
<b>Total consolidated net indebtedness</b>	<b>3,137,847</b>	<b>(63,201)</b>	<b>122,879</b>	<b>164,164</b>	<b>(49,484)</b>	<b>(2,149)</b>	<b>(84,347)</b>	<b>3,225,709</b>
% Net Debt of the total	97.3%	(2.0%)	3.8%	5.1%	(1.5%)	(0.1%)	(2.6%)	100.0%

Note 17 of these financial statements provides a breakdown of cash and cash equivalents by currency, where 67.9% is denominated in Euros (61.7% at 31 December 2020).

The Group's general policy is to mitigate the adverse effect that exposure to the different foreign currencies could have on its financial statements as much as possible, with regard to both transactional and purely equity-related movements. The Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

A summary table of the sensitivity to exchange rate changes in the translation of foreign currency financial statements in the main currencies in which the Group operates is shown below (note 18):

	10%	
	Profit and Loss	Equity
Pound sterling	(449)	41,525
US Dollar	(748)	5,308
Algerian dinar	1,386	17,162
Czech koruna	3,067	7,818
<b>Total</b>	<b>3,256</b>	<b>71,813</b>

	-10%	
	Profit and Loss	Equity
Pound sterling	449	(41,525)
US Dollar	748	(5,308)
Algerian dinar	(1,386)	(17,162)
Czech koruna	(3,067)	(7,818)
<b>Total</b>	<b>(3,256)</b>	<b>(71,813)</b>

The impact on sterling is mainly due to the translation of the net assets corresponding to the investment held in the FCC Environment UK subgroup.

### c) The FCC Group is exposed to interest rate risk

The Group is exposed to interest rate fluctuations due to the fact that the Group's financial policy aims to ensure that its current financial assets and debt are partially tied to variable interest rates. The benchmark interest rate for the Group's debt arranged with credit entities in euros is mainly the Euribor.

Any increase in interest rates could give rise to an increase in the Group's financing costs associated with its borrowings at variable interest rates, and could also increase the cost of refinancing the borrowings and the issue of new debt.

In order to ensure a position that is in the best interests of the Group, an interest rate risk management policy is actively implemented, with on-going monitoring of markets and assuming different positions depending primarily on the asset financed.

In addition, within the framework of the policy for managing this risk carried out by the Group, fixed-rate debt issuance operations have been carried out in capital markets together with interest rate hedges and fixed-rate financing, totalling 85.4% of the Group's total gross debt at the end of the year, including hedging on structured project financing.

The following table shows a breakdown of the gross debt of the Group as well as the hedged debt, either because it is a fixed rate debt or through derivatives:

	Total Group	Construction	Environmental Services	Cement	End-to-end Water Management	Concessions	Real Estate	Corporation
Total Gross External Debt	4,945,527	18,307	1,735,400	148,174	1,922,238	49,955	838,448	233,005
Hedging and Financing at fixed rate at 31.12.21	(4,225,908)	(1,779)	(1,705,509)	(72,947)	(1,654,527)	(47,482)	(713,664)	(30,000)
<b>Total variable rate debt</b>	<b>719,619</b>	<b>16,528</b>	<b>29,891</b>	<b>75,227</b>	<b>267,711</b>	<b>2,473</b>	<b>124,784</b>	<b>203,005</b>
<b>Ratio: Variable-rate debt / Gross External Debt at 31.12.21</b>	<b>14.6%</b>	<b>90.3%</b>	<b>1.7%</b>	<b>50.8%</b>	<b>13.9%</b>	<b>5.0%</b>	<b>14.9%</b>	<b>87.1%</b>

The following table summarises the effect on the Group's income statement of upward movements in the interest rate curve on gross borrowings, after excluding fixed-rate debt and debt associated with hedging agreements:

	Gross indebtedness		
	+25 pp	+50 pp	+100 pp
Impact on profit or loss	1,799	3,598	7,196

In view of the uncertainty in the transition period imposed by the "IBOR Reform" (note 23), the Group has initiated an action plan with the objective of minimising any potential negative impact by first identifying the affected operations, quantifying their notional and reviewing the wording of the agreements.

The Group currently uses interest rate derivatives (interest rate swaps) as cash flow hedging instruments (note 23), which are indexed to floating interest rates, namely Euribor, GBP LIBOR, TIIE28D and SAIBOR. Similarly, some of the Group's bank financing is linked to these reference rates. At 31 December 2021, the Group has adjusted all its financing agreements and hedging derivatives that have been affected by the transition to RFR rates.

In view of any developments by the authorities on IBOR indices, the Group will make the appropriate contractual amendments to incorporate the new replacement benchmark interest rate into its financing and hedging derivatives agreements.

#### d) Solvency risk

At 31 December 2021 the Group's net financial indebtedness shown in the accompanying balance sheet amounted to €3,225,709 thousand as shown in the table below:

	2021	2020
Bank borrowings	1,742,556	820,021
Debt instruments and other loans	3,031,543	3,230,281
Other interest-bearing financial debt	171,428	198,225
Current financial assets	(184,293)	(228,652)
Treasury and cash equivalents	(1,535,525)	(1,222,109)
<b>Net interest-bearing debt</b>	<b>3,225,709</b>	<b>2,797,766</b>
<b>Net debts with limited recourse</b>	<b>3,551,740</b>	<b>2,696,161</b>
<b>Net indebtedness with recourse</b>	<b>(326,031)</b>	<b>101,605</b>

The increase in net financial debt and also in net debt with limited recourse is mainly due to the acquisition of control of the Realia Business Group and Jezzine Uno, S.L.U. (notes 5 and 20).

#### e) The FCC Group is exposed to liquidity risk

The Group carries out its operations in industrial sectors that require a high level of financing, and has so far obtained adequate financing to carry out its operations. However, the Group cannot guarantee that these circumstances relating to obtaining financing will continue in the future.

The Group's capabilities to obtain financing depend on many factors, many of which are beyond its control, such as general economic conditions, the availability of funds at financial institutions, the depth and availability of capital markets and the monetary policy of the markets in which it operates. Adverse effects in debt and capital markets may hinder or prevent adequate financing being available to perform the Group's activities.

Historically, the Group has always been able to renew its loan arrangements, and it expects to continue doing so in the coming twelve months. However, FCC Group's ability to renew its financing depends on various factors, many of which are outside the control of the Group, such as general economic conditions, the availability of funds for loans from private investors and financial institutions, and the monetary policy of the markets in which it operates. Negative conditions in debt markets could hinder or prevent Group's capacity to renew its financing. Therefore, the Group cannot guarantee its ability to renew credit agreements and bond issues under economically attractive terms. The inability to renew said financing or to secure it under acceptable terms could have a negative impact on the Group's liquidity and its ability to meet the working capital needs.

To adequately manage this risk, the Group performs exhaustive monitoring of the repayment dates of all credit facilities of each Group company, in order to conclude all renewals in the best market conditions sufficiently in advance, analysing the suitability of the funding and studying alternatives if the conditions are unfavourable on a case-by-case basis. The Group is also present in several markets, which facilitates obtaining credit facilities and mitigating liquidity risk.

At 31 December 2021, the Group had the following schedule of maturities of external gross debt, which amounts to 1,653,984 thousand euros for 2022:

2022	2023	2024	2025 and beyond	TOTAL
1,653,984	781,020	170,769	2,339,754	4,945,527

A significant part of the gross financial debt, amounting to €4,694,215 thousand, has no recourse to the parent company, of note being the debt of the End-to-end Water Management segment amounting to €1,922,238 thousand, and of the Environmental Services segment amounting to €1,735,400 thousand at 31 December 2021.

At 31 December 2021, the Group had working capital of 932,537 thousand euros (1,309,577 thousand euros at 31 December 2020).

In order to manage liquidity risk, at 31 December 2021, the Group had 394.5 million euros in undrawn bilateral financing lines, and 1,525,272 thousand euros in cash, in addition to the following current financial assets and cash equivalents, whose maturities are shown below:

Thousands of euros	Amount	1-3 months	3-6 months	6-9 months	9-12 months
Other current financial assets	184,293	23,392	10,222	5,509	145,170

Thousands of euros	Amount	1 month	1-2 months	2-3 months
Cash equivalents	10,253	763	-	9,490

#### f) Concentration risk

This is risk arising from the concentration of lending transactions with common characteristics, and it is distributed as follows:

- Funding sources: In order to diversify this risk, the Group works with a large number of national and international financial institutions and capital markets to obtain financing.
- Markets/geography (domestic, foreign): The Group operates in a wide variety of national and international markets, with the debt mainly concentrated in euros and the rest in various international markets, with different currencies.
- Products: The Group uses various financial products: loans, credit facilities, obligations, syndicated loans, assignments and discounting, etc.
- Currency: The Group is financed through many different currencies according to the country of the investment.

The Group's strategic planning process identifies the objectives to be attained in each of the areas of activity, based on the improvements to be implemented, the market opportunities and the level of risk

deemed acceptable. This process serves as a base for preparing operating plans that specify the goals to be reached each year.

To mitigate the market risks inherent to each line of business, the Group maintains a diversified position among businesses related to the construction and management of infrastructure, provision of environmental services and others. In the area of geographical diversification, in 2021 the weight of the external activity has been 41% of total sales, with special importance in the activities of Environmental Services and Infrastructure Construction.

During 2021, the acquisition of a controlling position in the Realia subgroup and the incorporation of Jezzine Uno S.L.U. (note 5), enabled the creation of a solid, large-scale real estate holding company, which diversified its risk and geographic opportunities by extending its activity to new areas of operations in which it was not present.

### g) Credit risk

The provision of services or the acceptance of client engagements, whose financial solvency was not guaranteed at the acceptance date, situations not known or unable to be assessed by the Group and unforeseen circumstances arising during the provision of the service or the execution of the engagement that could affect the client's financial position could generate a payment risk with respect to the amounts owed.

The Group request commercial reports and assess the financial solvency of clients before doing business and perform on-going monitoring, and have put in place a procedure to be adopted in the event of insolvency. In the case of public-sector clients, the Group does not accept engagements that do not have an assigned budget and financial approval. Offers that exceed a certain payment period must be authorised by the Finance Division. Likewise, on-going monitoring is performed of debt delinquency in various management committees.

The maximum level of exposure to credit risk has been calculated, with the breakdown of the amount as of 31 December 2021 as shown in the following table:

Financial credits granted	945,708
Trade and other receivables (note 16)	2,277,734
Derivative financial assets (note 23)	180
Cash and cash equivalents (Note 17)	1,535,525
Guarantees granted (Note 26)	3,952,987
<b>TOTAL</b>	<b>8,712,134</b>

In general, the Group does not have collateral guarantees or improvements to reduce credit risk or for financial credits or accounts receivable from traffic. Although it should be noted that bonds are requested from subscribers in the case of certain contracts of the Water activity, mostly concessions affecting IFRIC 12, there are also offsetting mechanisms in certain contracts, mostly concessions affecting IFRIC 12 in Water, Environmental Services and Corporation activities, making it possible to guarantee the recovery of loans granted to finance early initial fees or investment plans.

With respect to credit quality, the Group applies its best judgement to impair financial assets for which lifetime credit losses are expected to be incurred (note 3.i). The Group regularly analyses changes in the public ratings of the entities to which it is exposed.



During 2021, despite the impact of COVID-19, there was no significant increase in the risk of bad debts, with the Group's average collection periods remaining in line with historical levels.

### Risk hedging financial derivatives

In general, the financial derivatives contracted by the Group are treated for accounting purposes in accordance with the accounting hedging regulations set out in these financial statements. The main financial risk hedged by the Group through derivative instruments relates to changes in the floating interest rates to which the financing of Group companies is linked. The financial derivatives are measured by experts on the subject using generally accepted methods and techniques. These experts were independent from the Group and the entities financing it.

Sensitivity analyses are carried out periodically with the objective of observing the effect of a possible change in interest rates on the Group's accounts.

A simulation was carried out, proposing three bullish scenarios of the basic interest rate curve of the Euro, coming in at around 0.05% in the medium/long term as at 31 December 2021, assuming an increase of 25 bp, 50 bp and 100 bp.

The amounts in thousands of euros obtained in relation to derivatives outstanding at year-end with an impact on equity (note 23), after applying, where applicable, the percentage of ownership interest, are shown below.

	Hedging derivatives		
	+25 pp	+50 pp	+100pp
Impact on Equity:			
Global consolidation	4,982	10,190	21,224
Equity method	3,056	5,995	11,444

### h) Brexit risk

Exposure to Brexit is mitigated by the natural hedge of keeping assets and liabilities in the same currency. At the close of these consolidated financial statements, the Group's activities in the country were not affected by Brexit.

The Group's activity in the United Kingdom is primarily concentrated in the Environmental Services business area, mainly through its shareholding in the FCC Environment UK subgroup, which engages in the treatment, disposal and collection of waste, and also in the management of waste recovery and incineration plants. In addition, although to a lesser extent, the FCC Group maintains a presence in the country by exporting cement and carrying out construction projects. At the end of the current year, the FCC Group has recorded €855,745 thousand in turnover (€668,618 thousand in 2020) (note 28) and holds assets totalling €1,765,509 thousand (€1,712,455 thousand in 2020) in the United Kingdom.

The net investment held in pounds sterling amounts to €517,829 thousand at year-end 2021 (€407,302 thousand in year 2020) (note 18.d). A sensitivity analysis is provided below showing the potential impact on the Group's results and equity in the event that the exchange rate of the pound sterling against the euro were to increase or decrease by 10%:

	Profit and Loss	Equity
+ 10%	(449)	41,525
- 10%	449	(41,525)

The gross financial debt held in pounds sterling at 31 December 2021 amounts to €358.3 million (€364.9 million in 2020) and is concentrated in the aforementioned FCC Environment UK subgroup, comprising various loans and project finance bonds at fixed or variable rates hedged with hedging derivatives that transform it into a fixed rate at a weighted average rate of 4.5%, so there is no interest rate risk in the cash flows arising from the debt denominated in pounds sterling-

#### i) COVID-19 risk

The COVID-19 pandemic has had a series of impacts on the accompanying consolidated financial statements both in operational and liquidity terms, which has also led to an update of the main estimates that affect the half-yearly financial statements.

In operational terms, the impact of the COVID-19 crisis on the Group has been limited given that the Water and Environment segments, which represent the most substantial part of the Group's revenues and results, include activities that the various national authorities have considered as essential without relevant interruptions in activity or loss of profitability in most of the assets. In relation to the other activities, such as Construction, which has a smaller weight in the Group's total activity, the pandemic has led to the temporary interruption of part of the portfolio of construction contracts in progress, and also, where appropriate, to some inefficiencies in the supply chain, circumstances which inevitably have an impact on project costs and delivery times. Measures have been taken to bring costs in line with the new activity levels and as of today all activity has resumed, so no material unprovisioned impairments are expected. The Cement Area shows a similar evolution in relation to COVID-19 risk, although it has been adversely affected by the rise in energy prices.

In this regard, as shown in the accompanying consolidated income statement, the Group maintains a positive "Profit from operations" of €802,210 thousand (€572,740 thousand in 2020), which represents 12.0% of turnover (9.3% in 2020). "Cash flows from operating activities" amounted to €746,246 thousand (€605,074 thousand in 2020), as can be seen in the accompanying consolidated cash flow statement.

In the light of the status created by the COVID-19 crisis, the Group has carried out an analysis of the main estimates affecting the accompanying consolidated financial statements:

- Goodwill: The Group has updated the various impairment tests for goodwill recognised. Although the goodwill corresponding to Corporación Uniland's cash-generating unit has been impaired, this impairment did not arise from the impact of COVID-19 (note 7).
- Real estate investments: Following the acquisition of control of the Realía Business Group and the company Jezzine Uno, S.L.U., the FCC Group has included €2,069,187 thousand of investment property in its accompanying consolidated balance sheet, which is measured at fair value at the end of the period, with no decrease in fair value (notes 3 and 9).

- Rest of fixed assets. The recoverable value of the main fixed and non-current assets that could show signs of impairment has been reviewed, in particular, those associated with the concession businesses (Notes 7 and 8). The only significant impairment that has occurred during the year has been that corresponding to quarries of the Cement activity as a result of the expected reduction of their useful life for an amount of €36,011 thousand (note 27).
- Financial instruments: The recoverable value of the main financial instruments has been reviewed, with special attention paid to investments accounted for using the equity method (Note 12).
- Furthermore, with regard to trade sales ledgers, no significant non-payment problems were identified. There are no unimpaired doubtful material trade receivables. The collection periods are in line with previous years.
- Deferred tax assets: The assumptions (both in operational and tax terms) regarding the recoverability of these assets, contemplated in December 2020, 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 recovery periods.
- Provisions: The level of provisions (note 19) is considered suitable to cover all risks considered probable.
- Real estate inventory assessment: The heading “Inventories” includes real estate assets with a net book value of €804,423 thousand at year-end 2021 (€452,633 thousand at the end of the previous year). In this regard, during the year the fair value estimates of some of the main real estate inventories were updated by independent third parties and there were no significant impairment losses (note 15).
- Recognition of income in construction contracts: The Group reassessed its forecast results in the Construction segment at conservative ranges in the light of current circumstances. In this sense, provisions make it possible to cover the risks associated with average scenarios, in the context of current uncertainty. In any case, it should be noted that the Group has not registered unapproved income derived from cost overruns, delays or claims on third parties as a result of the situation caused by Covid-19, which has caused, in many geographic regions, inefficiencies and delays, with the consequent impact in terms of profitability.

In view of the above, considering the limited impact, the measures undertaken to secure the assets as well as the existing liquidity buffers, the Group has prepared its financial statements on a going concern basis, as there are no doubts about the Group's continuity.

#### **j) Climate change risks**

The Group's activities may be impacted by adverse weather conditions, such as floods or other natural disasters, and in some cases by decreases in temperature that may make it difficult, or even impossible in extreme cases, to carry out its activities, such as in the case of severe frost in the construction activity.

The Group takes all appropriate measures to adapt to the effects of climate change and to mitigate its possible effects on its business and fixed assets, as shown by the environmental provisions set aside for this purpose (note 19).

The Group is committed to the decarbonisation of the activities it carries out, for which it uses the most efficient technologies in the fight against climate change and, due to the very nature of some of the

activities it carries out, it promotes the circular economy. In order to achieve these objectives, the Group implements specific policies in its activities.

The Construction area has an Integrated Policy to analyse environmental incidents, the involvement of the interested parties and the establishment of a plan to reduce the significant impacts of the activities of the works, emphasising the mitigation of the generation of waste, the consumption of resources, the generation of noise and vibrations, promoting the use of sustainable and reusable materials and the sustainable use of water. It has environmental certifications in several of the countries in which it operates, as well as environmental certification according to ISO 14001 at the centres located in Spain at some of its main investees.

The very nature of the Environmental Services Area aims to protect and conserve the environment and contribute to the circular economy by treating waste as a resource, through its reuse and energy recovery. Likewise, it uses technologies and equipment to optimise water consumption, promoting a rational use and the use of water from alternative sources, such as the use of rainwater. As for policies aimed at optimising energy consumption, Spain has an Energy Management System certified in accordance with the ISO 50001 standard and projects for the use of landfill gas to generate electricity and hot water.

In 2021, the Water Area was the first company in the sector to certify the Strategy for the Contribution of the Sustainable Development Goals, by AENOR. Likewise, the Area has implemented energy management policies with the aim of optimising energy consumption at its facilities, a policy that is reflected in the calculation of the company's Carbon Footprint at its operations in Spain, verified in accordance with the guidelines of the UNE-ISO 14064 Standard by AENOR, where the impact of energy management (Scope 2) can be seen in the 13% reduction in emissions compared to the previous year. The Area has also implemented policies to reduce greenhouse gas emissions, through the signing of a PPA (Power Purchase Agreement) contract for renewable energies (photovoltaic) and projects to install renewable energy (photovoltaic) at some of its facilities.

The Cement Area takes measures that are specified at each facility, taking into account the current context of each one, its technological, human and economic resources, the applicable legislation and the expectations of the interested parties. The objectives of such measures are to promote the circular economy and to reduce greenhouse gas emissions by increasing material and energy recovery with a greater use of decarbonised raw materials, recoverable waste and biomass fuels, increasing energy efficiency through the optimisation of the fuel mix and the use of expert systems in the manufacturing process and transition to LED lighting and increasing the mix of renewable energies through solar and/or wind energy facility projects and boosting the consumption of biomass in clinker manufacturing.

As a result of the above, the Group has prepared its financial statements on a going concern basis, as there are no doubts about the Group's continued existence.

### 31. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

#### a) Transactions with directors of the Parent Company and senior executives of the Group

The amounts accrued for fixed and variable remuneration received by the Directors of Fomento de Construcciones y Contratas, S.A. in 2021 and 2020, to be paid by the latter or any of the Group companies, jointly managed or associated, are as follows:

	2021	2020
Fixed remuneration	525	525
Other payments	1,933	1,420
	<b>2,458</b>	<b>1,945</b>

The senior executives listed below, who are not members of the Board of Directors, received total remuneration of 1,908 thousand euros (1,832 thousand euros in 2020).

#### 2021

Marcos Bada Gutiérrez	General manager of Internal Audit
Felipe B. García Pérez	General Secretary
Miguel A. Martínez Parra	Managing Director of Administration and Finance
Félix Parra Mediavilla	Managing Director of FCC Aqualia

#### 2020

Marcos Bada Gutiérrez	General manager of Internal Audit
Felipe B. García Pérez	General Secretary
Miguel A. Martínez Parra	Managing Director of Administration and Finance
Félix Parra Mediavilla	Managing Director of FCC Aqualia

Note 25 "Pension plans and similar obligations" describes the insurance taken out in favour of certain executive directors and senior managers.

Details of Board members who hold posts at companies in which Fomento de Construcciones y Contratas, S.A. has a direct or indirect ownership interest were as follows:

Name or corporate name of the director	Company name of the Group entity	Position
ALICIA ALCOGER KOPLOWITZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
	REALIA BUSINESS, S.A.	DIRECTOR
GERARDO KURI KAUFMANN	CEMENTOS PORTLAND VALDERRIVAS, S.A.	CHIEF EXECUTIVE OFFICER
	REALIA BUSINESS, S.A.	CHIEF EXECUTIVE OFFICER
JUAN RODRÍGUEZ TORRES	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
	FCC AQUALIA, S.A.	DIRECTOR
	REALIA BUSINESS, S.A.	NON-EXECUTIVE CHAIRMAN
ÁLVARO VÁZQUEZ DE LAPUERTA	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
ALEJANDRO ABOUMRAD GONZÁLEZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	REPRESENTATIVE OF THE DIRECTOR INMOBILIARIA AEG, S.A. DE C.V.
	FCC AQUALIA, S.A.	DIRECTOR AND CHAIRMAN OF THE BOARD OF DIRECTORS
	FCC SERVICIOS MEDIOAMBIENTE HOLDING, S.A.U.	CHAIRMAN
ANTONIO GÓMEZ GARCÍA	FCC AMÉRICAS, S.A. DE C.V.	ALTERNATE DIRECTOR
PABLO COLIO ABRIL	FCC MEDIO AMBIENTE, S.A.U.	CHAIRMAN
	FCC AQUALIA, S.A.	MEMBER OF THE BOARD, MEMBER OF THE AUDIT AND CONTROL COMMITTEE, OF THE INVESTMENT COMMITTEE, AND OF THE DELEGATED REGULATORY COMPLIANCE COMMITTEE
	FCC CONSTRUCCIÓN, S.A.	CHAIRMAN
	FCC ENVIRONMENT (UK) LIMITED	DIRECTOR
	FCC MEDIO AMBIENTE REINO UNIDO S.L.U.	DEPUTY CHAIRMAN
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.U.	DEPUTY CHAIRMAN
	GUZMAN ENERGY O&M, S.L.	CHAIRMAN
	FCC AUSTRIA ABFALL SERVICE AG	CHAIRMAN

These directors hold posts or exercise functions and/or hold ownership interests of less than 0.01% in any case in other FCC Group companies, in which Fomento de Construcciones y Contratas, S.A. holds the majority of the voting rights, directly or indirectly.

In 2021, no significant transactions were performed entailing a transfer of assets or liabilities between Group companies and their executives and directors.

## b) Situations of conflicts of interest

No conflict of interests have been directly or indirectly declared in the interest of Fomento de Construcciones y Contratas, S.A., in accordance with applicable regulations (Article 229 of the Spanish Corporate Enterprises Act), without prejudice to the operations of Fomento de Construcciones y Contratas, S.A. with its related parties reflected in this report or, as the case may be, of the agreements related to remuneration or appointment of positions. In this regard, when specific conflicts of interest

have taken place with certain directors, they have been resolved in accordance with the procedure stipulated in the Board of Directors' Rules, with the directors involved abstaining from the corresponding debates and votes.

### c) Operations between Group companies or entities

There are numerous transactions between Group companies that are part of their routine business and that, in any case, are eliminated in the process of preparing the consolidated financial statements.

The turnover of the attached consolidated income statement includes 140,983 thousand euros (180,131 thousand euros in 2020) from Group companies billing associates and joint ventures.

Likewise, purchases made from associates and joint ventures amounting to 31,194 thousand euros (22,714 thousand euros in 2020) are also included in the Group's consolidated financial statements.

### d) Transactions with other related parties

During the year, a number of transactions were approved involving companies in which shareholders of Fomento de Construcciones y Contratas, S.A. own equity interests, the most significant of which were as follows:

- Acquisition of shares of Realia Business, S.A. representing 13.11% of its share capital by the Company FC y C, S.L. Sole-Shareholder Company, amounting to 83,941 thousand euros.
- Capital increase of FC y C, S.L. Unipersonal through the non-monetary contribution of all the shares of Jezzine Uno, S.L.U. by Soimob Inmobiliaria Española, S.A. for €226,200 thousand.
- Granting of a loan by Fomento de Construcciones y Contratas, S.A. to Realia Business, S.A. amounting to €120,000 thousand.
- Execution of construction and service provision contracts between Group companies and investees by other parties related to the controlling shareholder, as follows:

Buyer	Seller	2021	2020
Realia Patrimonio, S.L.U.	FCC Industrial e Infraestructuras Energéticas S.A.U.	1,193	1,197
	FCC Medio Ambiente,S.A.	162	134
	Servicios Especiales de Limpieza,S.A.	496	467
	Fedemes,S.L.	13	13
Realia Business, S.A.	FCC Industrial e Infraestructuras Energéticas S.A.U.	2	-
	FCC Construcción, S.A.	12,001	23,938
	Fomento de Construcciones y Contratas,S.A.	142	120
	Fedemes,S.L.	101	101
F C Y C , S.L. Unipersonal	Aridos de Melo,S.L.	296	-
	FCC Construcción, S.A.	21,383	-
	FCC Medio Ambiente,S.A.	9	-
	Fomento de Construcciones y Contratas,S.A.	54	-
	Fedemes,S.L.	112	-
	Realia Business, S.A.	2,371	-
FCC Construcción, S.A.	FC Y C , S.L. Unipersonal	2	-
Cementos Portland Valderrivas,S.A.	Realia Patrimonio, S.L.U.	90	-
Fomento de Construcciones y Contratas,S.A.	Realia Patrimonio, S.L.U.	11	34
		<b>38,438</b>	<b>26,004</b>

In addition, the following balance sheet balances are maintained:

Receivable	Payable	2021	2020
Realia Patrimonio, S.L.U.	Cementos Portland Valderrivas,S.A.	140	-
	Fomento de Construcciones y Contratas,S.A.	24	24
Realia Business, S.A.	Fedemes,S.L.	38	38
	Fomento de Construcciones y Contratas,S.A.	120,000	-
F C Y C , S.L. Unipersonal	Asesoría financiera y de gestión,S.A.	21	-
	Fomento de Construcciones y Contratas,S.A.	32,258	-
Fomento de Construcciones y Contratas,S.A.	Realia Patrimonio, S.L.U.	2,664	2,716
	Realia Business, S.A.	44	22
	FC Y C , S.L. Unipersonal	23,017	-
FCC Medio Ambiente,S.A.	Realia Patrimonio, S.L.U.	-	3
		<b>178,206</b>	<b>2,803</b>

- Agreement for the provision of services between Fomento de Construcciones y Contratas, S.A. and Vilafulder Corporate Group, S.L.U. for a total annual amount of €338 thousand.
- Agreement for the provision of services between Cementos Portland Valderrivas, S.A. and Gerardo Kuri Kaufmann for €175 thousand.
- Agreement for the provision of services between Realia Business, S.A. and Gerardo Kuri Kaufmann for €175 thousand.
- As part of the refinancing of the debt associated with the Spanish activities of the Cementos Portland Valderrivas Group carried out in 2016, a subordinated financing agreement was entered into with Banco Inbursa, S.A., Institución de Banca Múltiple, with a carrying amount at 31 December 2021 of €70,085 thousand. The finance costs incurred in the business year totalled €1,764 thousand.
- Agreement for the provision of IT services by Claro Enterprise Solutions, S.L. to Fomento de Construcciones y Contratas, S.A. for €13,446 thousand.
- Agreement between FCC Industrial e Infraestructuras Energeticas, S.A.U. and Realia Patrimonio S.L.U., relating to the supply and installation of intercoms by FCC Industrial, S.S. in Torre Fira de Barcelona, owned by Realia, for €13 thousand.
- Construction contract for FCC Construcción, S.A. for 80 homes, garages, storage rooms and sports areas, Phase 2 of PP41 in Alcalá de Henares (Madrid) as a client of Realia Business, S.A. for €12,740 thousand (excluding VAT).

In addition, other transactions are carried out on an arm's length basis, mainly telephone and internet access services, with related parties related to the majority shareholder for an insignificant amount.

**e) Mechanisms established to detect, determine and resolve possible conflicts of interest between the Parent Company and/or its Group and its directors, executives or significant shareholders.**

The FCC Group has established precise mechanisms to detect, determine and resolve possible conflicts of interest between Group companies and their directors, executives and significant shareholders, as indicated in article 20 et seq. of the Board Regulations.



### 32. FEES PAID TO AUDITORS

The fees for audit services accrued in 2021 and 2020 for audit services and other assurance services, as well as other professional services, provided to the various Group and jointly managed companies comprising the FCC Group by the principal auditor and other auditors participating in the audit of the various Group companies, and also by entities related to them, both in Spain and abroad, are shown in the following table:

	2021			2020		
	Principal auditor	Other auditors	Total	Principal auditor	Other auditors	Total
Audit services	3,375	613	3,988	3,386	718	4,104
Other assurance services	336	1,037	1,373	261	1,220	1,481
<b>Total audit and related services</b>	<b>3,711</b>	<b>1,650</b>	<b>5,361</b>	<b>3,647</b>	<b>1,938</b>	<b>5,585</b>
Tax advisory services	4	1,545	1,549	-	1,887	1,887
Other services	5	1,011	1,016	20	610	630
<b>Total professional services</b>	<b>9</b>	<b>2,556</b>	<b>2,565</b>	<b>20</b>	<b>2,497</b>	<b>2,517</b>
<b>TOTAL</b>	<b>3,720</b>	<b>4,206</b>	<b>7,926</b>	<b>3,667</b>	<b>4,435</b>	<b>8,102</b>

### 33. EVENTS AFTER THE CLOSING DATE

On 2 February 2022, FCC Aqualia, S.A. acquired a 65% stake in Georgia Global Utilities JSC for USD 180 million, a water and renewable energy utility in Georgia. This acquisition is the first step in a global operation in which FCC Aqualia, S.A. will end up holding 80% of the water utilities business when a second phase of the agreement is completed, still subject to the fulfilment of suspensive conditions, which basically consists of the spin-off of the renewable energy business.

On 25 January 2022, FCC Aqualia, S.A. cancelled in advance the loan agreement for variable interest provisions amounting to 200,000 thousand Euros which was fully drawn down and in cash at 31 December 2021 (note 20). Also, on 25 January 2022, FCC Aqualia, S.A. signed a new loan agreement for variable interest provisions maturing on 31 March 2023 for the same amount. This new contract can be used for the Company's cash requirements and for the redemption of the GGU bonds mentioned above.

There have been no further significant events between the end of the reporting period and the date of authorisation of these financial statements.

ANNEXE I

FULLY CONSOLIDATED

SUBSIDIARIES

Company	Registered office	% Effective ownership	Auditor
<b>ENVIRONMENTAL SERVICES</b>			
Alfonso Benítez, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Aparcamientos Concertados, S.A.	Av. Aiguera, 1 – Benidorm (Alicante)	100.00	
Armigesa, S.A.	Paseo de Extremadura s/n – Armilla (Granada)	51.00	
Azincourt Investment, S.L.	Federico Salmón, 13 – Madrid	100.00	
Castellana de Servicios, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Corporación Inmobiliaria Ibérica, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	
Ecoactiva de Medio Ambiente, S.A.	Ctra. Puebla Albortón a Zaragoza km. 25– Zaragoza	60.00	
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	Portugal	53.63	Ernst & Young
Ecogenesis Societe Anonime Rendering of Cleansing and Waste Management Services	Greece	51.00	
Ecoparque Mancomunidad del Este, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Egypt Environmental Services, S.A.E.	Egypt	100.00	Ernst & Young
Empresa Comarcal de Serveis Mediambientals del Baix Penedés – ECOBP, S.L.	Plaça del Centre, 5 – El Vendrell (Tarragona)	66.60	Capital Auditors
Enviropower Investments Limited	United Kingdom	100.00	Ernst & Young
Europea de Tratamiento de Residuos Industriales, S.A.	Federico Salmón, 13 – Madrid	100.00	
FCC Ámbito, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
FCC Environment Portugal, S.A.	Portugal	100.00	Ernst & Young

Company	Registered office	% Effective ownership	Auditor
FCC Environment Services (UK) Limited	United Kingdom	100.00	Ernst & Young
FCC Environmental Services Florida Llc.	USA	100.00	
FCC Environmental Services Nebraska Llc.	USA	100.00	
FCC Environmental Services Texas Llc.	USA	100.00	
FCC Environmental Services (USA) Llc.	USA	100.00	
FCC Equal CEE, S.L.	Federico Salmón, 13 – Madrid	100.00	
FCC Equal CEE Andalucía, S.L.	Av. Molière, 36 – Malaga	100.00	Atenea
FCC Equal CEE Baleares, S.L.U.		100.00	
FCC Equal CEE C. Valenciana, S.L.	Riu Magre, 6 P.I. Patada del Cid – Quart de Poblet (Valencia)	100.00	
FCC Equal CEE Murcia, S.L.	Luis Pasteur, 8 – Cartagena (Murcia)	100.00	
FCC Medio Ambiente, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
FCC Medio Ambiente Reino Unido, S.L.Unipersonal	Av. Camino de Santiago, 40 – Madrid	100.00	Ernst & Young
FCC Servicios Medio Ambiente Holding, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Gamasur Campo de Gibraltar, S.L.	Antigua Ctra. de Jimena de la Frontera, s/n – Los Barrios (Cádiz)	85.00	
Gandia Serveis Urbans, S.A.	Llanterners, 6 – Gandia (Valencia)	95.00	Vaciero Auditores
Geneus Canarias, S.L.	Electricista, 2. U.I. de Salinetas – Telde (Las Palmas)	100.00	
Gestió i Recuperació de Terrenys, S.A. Unipersonal	Balmes, 36 Entresuelo – Barcelona	80.00	Centium
Gipuzkoa Ingurumena Bi, S.A.	Polígono Industrial Zubiondo Par A.5. – Hernani (Gipuzkoa)	82.00	Ernst & Young
Golrib, Soluções de Valorização de Resíduos Lda.	Portugal	55.00	
<b>FCC Group - CEE</b>			
.A.S.A. Hódmezövásárhely Köztisztasági Kft	Hungary	61.83	Ernst & Young

Company	Registered office	% Effective ownership	Auditor
ASMJ s.r.o.	Czech Republic	51.00	
FCC Abfall Service Betriebs GmbH	Austria	100.00	
FCC Austria Abfall Service AG	Austria	100.00	Ernst & Young
FCC BEC s.r.o.	Czech Republic	100.00	Ernst & Young
FCC Bratislava s.r.o.	Slovakia	100.00	
FCC Centrum Nonprofit Kft.	Hungary	100.00	Ernst & Young
FCC Česká Republika s.r.o.	Czech Republic	100.00	Ernst & Young
FCC České Budějovice s.r.o.	Czech Republic	75.00	Ernst & Young
FCC Dačice s.r.o.	Czech Republic	60.00	Ernst & Young
FCC Eko d.o.o.	Serbia	100.00	
FCC EKO Polska sp. z.o.o.	Poland	100.00	Ernst & Young
FCC Eko-Radomsko sp. z.o.o.	Poland	100.00	
FCC Entsorga Entsorgungs GmbH & Co. Nfg KG	Austria	100.00	
FCC Environment CEE GmbH	Austria	100.00	
FCC Environment Romania S.R.L.	Romania	100.00	Ernst & Young
FCC Freistadt Abfall Service GmbH	Austria	100.00	
FCC Halbenrain Abfall Service GmbH & Co. Nfg KG	Austria	100.00	
FCC HP s.r.o.	Czech Republic	100.00	Ernst & Young
FCC Industrieviertel Abfall Service GmbH & Co. Nfg KG	Austria	100.00	
FCC Inerta Engineering & Consulting GmbH	Austria	100.00	
FCC Kikinda d.o.o.	Serbia	80.00	Ernst & Young

Company	Registered office	% Effective ownership	Auditor
FCC Liberec s.r.o.	Czech Republic	55.00	Ernst & Young
FCC Litovel s.r.o.	Czech Republic	49.00	
FCC Lublienec sp. z.o.o.	Poland	61.97	
FCC Magyarország Kft	Hungary	100.00	Ernst & Young
FCC Mostviertel Abfall Service GmbH	Austria	100.00	
FCC Neratovice s.r.o.	Czech Republic	100.00	Ernst & Young
FCC Neunkirchen Abfall Service GmbH	Austria	100.00	
FCC Podhale sp. z.o.o.	Poland	100.00	Ernst & Young
FCC Prostějov s.r.o.	Czech Republic	75.00	Ernst & Young
FCC Regios a.s.	Czech Republic	<b>99.99</b>	Ernst & Young
FCC Slovensko s.r.o.	Slovakia	100.00	Ernst & Young
FCC Tarnobrzeg.sp. z.o.o.	Poland	59.72	Ernst & Young
FCC Textil2Use GmbH	Austria	100.00	
FCC Trnava s.r.o.	Slovakia	50.00	Ernst & Young
FCC Uhy s.r.o.	Czech Republic	100.00	Ernst & Young
FCC Únanov s.r.o.	Czech Republic	66.00	
FCC Vrbak d.o.o.	Serbia	51.00	
FCC Wiener Neustadt Abfall Service GmbH	Austria	100.00	
FCC Žabčice s.r.o.	Czech Republic	80.00	Ernst & Young
FCC Zabovresky s.r.o.	Czech Republic	89.00	
FCC Zisterdorf Abfall Service GmbH	Austria	100.00	Ernst & Young

Company	Registered office	% Effective ownership	Auditor
FCC Znojmo s.r.o.	Czech Republic	49.66	Ernst & Young
FCC Zohor.s.r.o.	Slovakia	85.00	Ernst & Young
Miejskie Przedsiębiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland	80.00	Ernst & Young
Obsed a.s.	Czech Republic	100.00	
Quail spol. s.r.o.	Czech Republic	100.00	Ernst & Young
Siewierskie Przedsiębiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland	60.00	
<b>FCC Environment Group (UK)</b>			
3C Holding Limited	United Kingdom	100.00	Ernst & Young
3C Waste Limited	United Kingdom	100.00	Ernst & Young
Allington O & M Services Limited	United Kingdom	100.00	Ernst & Young
Allington Waste Company Limited	United Kingdom	100.00	Ernst & Young
Anti-Waste (Restoration) Limited	United Kingdom	100.00	Ernst & Young
Anti-Waste Limited	United Kingdom	100.00	Ernst & Young
Arnold Waste Disposal Limited	United Kingdom	100.00	Ernst & Young
BDR Property Limited	United Kingdom	80.00	Ernst & Young
BDR Waste Disposal Limited	United Kingdom	100.00	Ernst & Young
Darrington Quarries Limited	United Kingdom	100.00	Ernst & Young
Derbyshire Waste Limited	United Kingdom	100.00	Ernst & Young
East Waste Limited	United Kingdom	100.00	Ernst & Young
FCC Environment (Berkshire) Ltd.	United Kingdom	100.00	Ernst & Young
FCC Environment (UK) Limited	United Kingdom	100.00	Ernst & Young

Company	Registered office	% Effective ownership	Auditor
FCC Environment Limited	United Kingdom	100.00	Ernst & Young
FCC Environment Lostock Limited	United Kingdom	100.00	
FCC Environmental Services Limited	United Kingdom	100.00	
FCC Recycling (UK) Limited	United Kingdom	100.00	Ernst & Young
FCC Waste Services (UK) Limited	United Kingdom	100.00	Ernst & Young
Finstop Limited	United Kingdom	100.00	
Focsa Services (UK) Limited	United Kingdom	100.00	
Hykeham O&M Services Limited	United Kingdom	100.00	Ernst & Young
Integrated Waste Management Limited	United Kingdom	100.00	Ernst & Young
Landfill Management Limited	United Kingdom	100.00	Ernst & Young
Lincwaste Limited	United Kingdom	100.00	Ernst & Young
Norfolk Waste Limited	United Kingdom	100.00	Ernst & Young
Pennine Waste Management Limited	United Kingdom	100.00	Ernst & Young
T Shooter Limited	United Kingdom	100.00	Ernst & Young
Waste Recovery Limited	United Kingdom	100.00	Ernst & Young
Waste Recycling Group (Central) Limited	United Kingdom	100.00	Ernst & Young
Waste Recycling Group (Scotland) Limited	United Kingdom	100.00	Ernst & Young
Waste Recycling Group (UK) Limited	United Kingdom	100.00	Ernst & Young
Waste Recycling Group (Yorkshire) Limited	United Kingdom	100.00	Ernst & Young
Wastenotts O & M Services Limited	United Kingdom	100.00	Ernst & Young
Welbeck Waste Management Limited	United Kingdom	100.00	Ernst & Young

Company	Registered office	% Effective ownership	Auditor
WRG (Midlands) Limited	United Kingdom	100.00	Ernst & Young
WRG (Northern) Limited	United Kingdom	100.00	Ernst & Young
WRG Acquisitions 2 Limited	United Kingdom	100.00	Ernst & Young
WRG Environmental Limited	United Kingdom	100.00	Ernst & Young
WRG Waste Services Limited	United Kingdom	100.00	
<b>FCC Group - PFI Holdings</b>			
FCC Lostock Holdings Limited	United Kingdom	100.00	Ernst & Young
FCC PFI Holdings Limited	United Kingdom	100.00	Ernst & Young
FCC Wrexham PFI Holdings Limited	United Kingdom	100.00	Ernst & Young
FCC Wrexham PFI Limited	United Kingdom	100.00	Ernst & Young
FCC Wrexham PFI (Phase II Holding) Ltd.	United Kingdom	100.00	Ernst & Young
FCC Wrexham PFI (Phase II) Ltd.	United Kingdom	100.00	Ernst & Young
RE3 Holding Limited	United Kingdom	100.00	Ernst & Young
RE3 Limited	United Kingdom	100.00	Ernst & Young
<b>Green Recovery Group</b>			
FCC (E&M) Holdings Ltd.	United Kingdom	51.00	Ernst & Young
FCC (E&M) Ltd.	United Kingdom	51.00	Ernst & Young
FCC Buckinghamshire Holdings Limited	United Kingdom	51.00	Ernst & Young
FCC Buckinghamshire Limited	United Kingdom	51.00	Ernst & Young
FCC Buckinghamshire (Support Services) Limited	United Kingdom	51.00	
FCC Energy Holdings Ltd	United Kingdom	51.00	Ernst & Young



Company	Registered office	% Effective ownership	Auditor
FCC Energy Limited	United Kingdom	51.00	Ernst & Young
FCC Environment (Lincolnshire) Ltd.	United Kingdom	51.00	
FCC Environment Developments Ltd.	United Kingdom	51.00	Ernst & Young
Green Energy Finance Solutions Ltd	United Kingdom	51.00	Ernst & Young
Green Recovery Projects Ltd	United Kingdom	51.00	Ernst & Young
Kent Energy Limited	United Kingdom	51.00	Ernst & Young
Kent Enviropower Limited	United Kingdom	51.00	Ernst & Young
Wastenotts (Reclamation) Limited	United Kingdom	51.00	Ernst & Young
Integraciones Ambientales de Cantabria, S.A.	Monte de Carceña Cr CA-924 Pk 3,280 – Castañeda (Cantabria)	90.00	Ernst & Young
International Services Inc., S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	100.00	
Jaime Franquesa, S.A.	P.I. Zona Franca Sector B calle D 49 – Barcelona	100.00	
Jaume Oro, S.L.	Av. del Bosc, s/n P.I. Hostal Nou – Bellpuig (Lleida)	100.00	
Limpieza e Higiene de Cartagena, S.A.	Luis Pasteur, 8 – Cartagena (Murcia)	90.00	Ernst & Young
Limpiezas Urbanas de Mallorca, S.A.	Ctra. Santa Margalida-Can Picafort – Santa Margalida (Balearic Islands)	100.00	Ernst & Young
Manipulación y Recuperación MAREPA, S.A.	Av. San Martín de Valdeiglesias, 22 – Alcorcón (Madrid)	100.00	Ernst & Young
Premier Waste Services, LLC.	USA	100.00	
Recuperació de Pedreres, S.L.	Balmes, 36 Entresuelo – Barcelona	80.00	
Serveis Municipals de Neteja de Girona, S.A.	Pl. del Vi, 1 - Girona	75.00	Cataudit Auditors Associats
Servicio de Recogida y Gestión de Residuos Sólidos Urbanos del Consorcio Vega Sierra Elvira, S.A.	Antonio Huertas Remigio, 9 – Maracena (Granada)	60.00	Capital Auditors
Servicios de Levante, S.A.	Camino Pla de Museros, s/n – Almazora (Castellón)	100.00	Ernst & Young
Servicios Especiales de Limpieza, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young

Company	Registered office	% Effective ownership	Auditor
Sistemas y Vehículos de Alta Tecnología, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Societat Municipal Mediambiental d'Igualada, S.L.	Pl. de l'Ajuntament, 1 – Igualada (Barcelona)	65.91	Vaciero Auditores
Telford & Wrekin Services Limited	United Kingdom	100.00	Ernst & Young
Tratamientos y Recuperaciones Industriales, S.A.	Balmes, 36 Entresuelo – Barcelona	75.00	Capital Auditores
Valoración y Tratamiento de Residuos Urbanos, S.A.	Riu Magre, 6 – P.I. Patada del Cid – Quart de Poblet (Valencia)	80.00	Capital Auditores
Valorización y Tratamiento de Residuos, S.A.	Alameda de Mazarredo, 15-4º A – Bilbao (Biscay)	100.00	Vaciero Auditores
<b>AQUALIA</b>			
Abrantaqua – Serviço de Aguas Residuais Urbanas do Municipio De Abrantes, S.A.	Portugal	30.60	Oliveira, Reis & Associados
Acque di Caltanissetta, S.p.a.	Italy	50.22	Ernst & Young
Aguas de Alcázar Empresa Mixta, S.A.	Rondilla Cruz Verde, 1 – Alcázar de San Juan (Ciudad Real)	26.71	Capital Auditores
Aguas de las Galeras, S.L.	Av. Camino de Santiago, 40 – Madrid	51.00	
Aigües de Vallirana, S.A. Unipersonal	Conca de Tremp, 14 – Vallirana (Barcelona)	51.00	
Aqua Campiña, S.A.	Blas Infante, 6 – Écija (Seville)	45.90	Centium Auditores
Aquaelvas – Aguas de Elvas, S.A.	Portugal	51.00	Ernst & Young
Aquafundalia – Agua do Fundão, S.A.	Portugal	51.00	Ernst & Young
Aquajerez, S.L.	Cristalería, 24 – Cádiz	51.00	Ernst & Young
Aqualia Czech, S.L.	Av. Camino de Santiago, 40 – Madrid	51.00	Ernst & Young
Aqualia Desalación Guaymas, S.A. de C.V.	Mexico	51.00	Ernst & Young
Aqualia France	France	51.00	SNR Audit
Aqualia Gestión Los Cabos SACV	Mexico	51.00	
Aqualia Infraestructuras d.o.o. Beograd-Vracar	Serbia	51.00	

Company	Registered office	% Effective ownership	Auditor
Aqualia Infraestructuras d.o.o. Mostar	Bosnia-Herzegovina	51.00	
Aqualia Infraestructuras Inzenyring, s.r.o.	Czech Republic	51.00	CMC Audit s.r.o.
Aqualia Infraestructuras Montenegro (AIM) d.o.o. Niksic	Montenegro	51.00	
Aqualia Infraestructuras Pristina LLC.	Kosovo	51.00	
Aqualia Intech, S.A.	Av. Camino de Santiago, 40 – Madrid	51.00	Ernst & Young
Aqualia Latinoamérica, S.A.	Colombia	51.00	Ernst & Young
Aqualia Mace Contracting, Operation & General Maintenance LLC.	United Arab Emirates	26.01	Deloitte
Aqualia Mace Qatar	Qatar	26.01	Mazars
Aqualia México, S.A. de C.V.	Mexico	51.00	Ernst & Young
Aqualia New Europe B.V.	Netherlands	51.00	
Aqualia Portugal, S.A.	Portugal	51.00	Ernst & Young
Aqualia Villa del Rosario, SA	Colombia	51.00	Ernst & Young
Aquamaior – Aguas de Campo Maior, S.A.	Portugal	51.00	Ernst & Young
Aquos El Realito, S.A. de C.V.	Mexico	26.01	Ernst & Young
C.E.G. S.P.A. Simplifié	France	51.00	SNR Audit
Cartagua, Aguas do Cartaxo, S.A.	Portugal	30.60	Oliveira, Reis & Associados
Compañía Onubense de Aguas, S.A.	Av. Martín Alonso Pinzón, 8 – Huelva	30.60	
Conservación y Sistemas, S.A.	Federico Salmón, 13 – Madrid	51.00	Ernst & Young
Depurplan 11, S.A.	Madre Rafols, 2 – Zaragoza	51.00	Capital Auditors
Ecosistema de Morelos S.A. de C.V.	Mexico	51.00	CTS Consultores
Empresa Gestora de Aguas Linenses, S.L.	Federico Salmón, 13 – Madrid	51.00	

Company	Registered office	% Effective ownership	Auditor
Empresa Mixta de Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A.	Princesa, 3 – Madrid	35.70	
Entemanser, S.A.	Castillo, 13 – Adeje (Santa Cruz de Tenerife)	49.47	Ernst & Young
FCC Aqualia, S.A.	Av. Camino de Santiago, 40 – Madrid	51.00	Ernst & Young
FCC Aqualia América, S.A. Unipersonal	Uruguay, 11 – Vigo (Pontevedra)	51.00	
FCC Aqualia U.S.A. Corp	USA	51.00	Berkowitz Pollack Brant
Flores, Rebollo y Morales, S.L.	Urbanización Las Buganvillas, 4 – Vera (Almería)	30.60	
H.A.A. & CO. Integrated Services	Saudi Arabia	26.01	Ernst & Young
Hidrotec Tecnología del Agua, S.L. Unipersonal	Pincel, 25 – Seville	51.00	Ernst & Young
Infraestructuras y Distribución General de Aguas, S.L.U.	La Presa, 14 – Adeje (Santa Cruz de Tenerife)	51.00	Ernst & Young
Qatarat Saquia Desalination	Saudi Arabia	26.01	Ernst & Young
Servicios Hídricos Agricultura y Ciudad, S.L.U.	Alfonso XIII – Sabadell (Barcelona)	51.00	
Severomoravske Vodovody a Kanalizace Ostrava, a.s.	Czech Republic	51.00	Ernst & Young
Shariket Tahlya Miyah Mostaganem, S.P.A.	Algeria	13.01	Samir Hadj Ali
Sociedad Española de Aguas Filtradas, S.A.	Jacometrezo, 4 – Madrid	51.00	Ernst & Young
Sociedad Ibérica del Agua, S.A. Unipersonal	Federico Salmón, 13 – Madrid	51.00	
Società des Eaux de Fin d'Oise, S.A.S.	France	51.00	SNR Audit
Tratamiento Industrial de Aguas, S.A.	Federico Salmón, 13 – Madrid	51.00	Ernst & Young
Vodotech, spol. s.r.o.	Czech Republic	51.00	CMC Audit s.r.o.
Water Sur, S.L.	Urbanización Las Buganvillas, 4 – Vera (Almería)	30.60	
<b>CONSTRUCTION</b>			
ACE Scutmadeira Sistemas de Gestao e Controlo de Tráfego	Portugal	100.00	

Company	Registered office	% Effective ownership	Auditor
Agregados y Materiales de Panamá, S.A.	Panama	100.00	Ernst & Young
Áridos de Melo, S.L.	Finca la Barca y el Ballestar, s/n – Barajas de Melo (Cuenca)	100.00	Capital Auditors
Colombiana de Infraestructuras, S.A.S.	Colombia	100.00	ASTAF Auditores y Consultores
Concesiones Viales S. de R.L. de C.V.	Mexico	100.00	Ernst & Young
Concretos Estructurales, S.A.	Nicaragua	100.00	
Conservial Infraestructuras, S.L.	Federico Salmón, 13 – Madrid	100.00	
Consorcio FCC Iquique Ltda.	Chile	100.00	
Construcción Infraestructuras y Filiales de México, S.A. de C.V.	Mexico	52.00	
Construcciones Hospitalarias, S.A.	Panama	100.00	Ernst & Young
Constructora Meco-Caabsa, S.A. de C.V.	El Salvador	60.00	
Constructora Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	55.60	Ernst & Young
Contratas y Ventas, S.A.	Av. de Santander, 3 1º – Oviedo (Asturias)	100.00	Ernst & Young
Consorcio FCC Meco y Santa Fe de Costa Rica y Nicaragua, S.A.	Nicaragua	100.00	
Desarrollo y Construcción DEYCO CRCA, S.A.	Costa Rica	100.00	
Edificadora MSG, S.A. (Panama)	Panama	100.00	
Edificadora MSG, S.A. de C.V. (El Salvador)	El Salvador	100.00	
Edificadora MSG, S.A. de C.V. (Nicaragua)	Nicaragua	100.00	
FCC Américas, S.A. de C.V.	Mexico	50.00	Deloitte
FCC Américas Colombia, S.A.S.	Colombia	50.00	
FCC Américas Panamá, S.A.	Panama	50.00	Ernst & Young
FCC Colombia, S.A.S.	Colombia	100.00	ASTAF Auditores y Consultores

Company	Registered office	% Effective ownership	Auditor
FCC Construcción, S.A.	Balmes, 36 – Barcelona	100.00	Ernst & Young
FCC Construcción América, S.A.	Costa Rica	100.00	Ernst & Young
FCC Construcción Chile, SPA	Chile	100.00	
FCC Construcción Costa Rica, S.A.	Costa Rica	100.00	Ernst & Young
FCC Construcción de México, S.A. de C.V.	Mexico	100.00	Ernst & Young
FCC Construcción Perú, S.A.C.	Peru	100.00	
FCC Constructii Romania, S.A.	Romania	100.00	
FCC Construction Australia Pty Ltd	Australia	100.00	
FCC Construction Inc.	USA	100.00	BPB
FCC Construction International B.V.	Netherlands	100.00	
FCC Construction Ireland DAC	Ireland	100.00	Mazars
FCC Construction Northern Ireland Limited	United Kingdom	100.00	Mazars
FCC Construções do Brasil Ltda.	Brazil	100.00	
FCC Edificadora CR, S.A.	Costa Rica	100.00	
FCC Electromechanical LLC.	Saudi Arabia	100.00	Ernst & Young
FCC Elliott Construction Limited	Ireland	100.00	Mazars
FCC Industrial de Panamá, S.A.	Panama	100.00	
FCC Industrial e Infraestructuras Energéticas, S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	100.00	Ernst & Young
FCC Industrial Perú, S.A.	Peru	100.00	
FCC Industrial UK Limited	United Kingdom	100.00	Mazars
FCC Immobilien Holding GmbH	Germany	100.00	

Company	Registered office	% Effective ownership	Auditor
FCC Servicios Industriales y Energéticos México, S.A. de C.V.	Mexico	100.00	Ernst & Young
FCC Soluciones de Seguridad y Control, S.L.	Federico Salmón, 13 – Madrid	100.00	
Fomento de Construcciones Colombianas, S.A.S.	Colombia	100.00	
Fomento de Construcciones y Contratas Canadá Ltd.	Canada	100.00	
Guzmán Energy O&M, S.L.	Av. Camino de Santiago, 40 – Madrid	52.13	Ernst & Young
Impulsora de Proyectos Proserme, S.A. de C.V.	Mexico	100.00	
Mantenimiento de Infraestructuras, S.A.	Federico Salmón, 13 2a planta – Madrid	100.00	Ernst & Young
Meco Santa Fe Limited	Belize	100.00	
Megaplás, S.A. Unipersonal	Hilanderas, 4-14 – La Poveda – Arganda del Rey (Madrid)	100.00	Ernst & Young
Megaplás Italia, S.p.A.	Italy	100.00	Collegio Sindicale
Participaciones Teide, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	
Prefabricados Delta, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Ramalho Rosa Cobetar Sociedade de Construções, S.A.	Portugal	100.00	Ernst & Young
Servicios Dos Reis, S.A. de C.V.	Mexico	100.00	
<b>CEMENT</b>			
Áridos de Navarra, S.A.	Estella, 6, Pamplona (Navarra)	65.66	
Canteras de Alaiz, S.A.	Dormilateria, 72 – Pamplona (Navarre)	69.66	Ernst & Young
Cementos Alfa, S.A.	María Tubau, 9 – 4 planta – Madrid	87.61	Ernst & Young
Cementos Portland Valderrivas, S.A.	Dormilateria, 72 – Pamplona (Navarre)	99.49	Ernst & Young
Dragon Alfa Cement Limited	United Kingdom	87.61	Ernst & Young
Dragon Portland Limited	United Kingdom	99.49	Ernst & Young

Company	Registered office	% Effective ownership	Auditor
Prebesecc Mallorca, S.A.	Conradores (P.I. Marratxi) - Marratxi (Balearic Islands)	67.97	
Select Beton, S.A.	Tunisia	87.31	Ernst & Young
Société des Ciments d'Enfidha	Tunisia	87.41	Ernst & Young
Tratamiento Escombros Almoguera S.L.	María Tubau, 9 - 4 planta - Madrid	50.77	
Uniland Acquisition Corporation	USA	99.49	
Uniland International B.V.	Netherlands	99.49	
Uniland Trading B.V.	Netherlands	99.49	
<b>REAL ESTATE</b>			
Costa Verde Habitat, S.L.	Av. Camino de Santiago, 40 – Madrid	80.03	
FCyC, S.L.	Federico Salmón, 13 – Madrid	80.03	Ernst & Young
FCC Real Estate (UK) Limited	United Kingdom	80.03	
<b>Grupo Realia Business</b>			
Boane 2003, S.A. Unipersonal	Paseo de la Castellana, 41 – Madrid	51.00	
Guillena Golf, S.L. Unipersonal	Paseo de la Castellana, 216 – Madrid	40.76	
Hermanos Revilla, S.A.	Paseo de la Castellana, 41 – Madrid	35.77	Ernst & Young
Inversiones Inmobiliarias Rústicas y Urbanas 2000, S.L.	Av. Camino de Santiago, 40 – Madrid	27.18	
Planigesa, S.A.	Av. Camino de Santiago.40– Madrid	30.97	
Realia Business, S.A.	Av. Camino de Santiago, 40 – Madrid	40.76	Ernst & Young
Realia Contesti, S.R.L.	Romania	40.76	
Realia Patrimonio, S.L.U.	Av. Camino de Santiago, 40 – Madrid	40.76	Ernst & Young
Servicios Índice, S.A.	Av. Camino de Santiago, 40 – Madrid	20.58	



Company	Registered office	% Effective ownership	Auditor
Valaise, S.L. Unipersonal	Av. Camino de Santiago, 40 – Madrid	40.76	
Vela Borovica Koncern d.o.o.	Croatia	80.03	
<b>OTHER ACTIVITIES</b>			
Asesoría Financiera y de Gestión, S.A.	Federico Salmón, 13 – Madrid	100.00	
Autovía Conquense, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	Ernst & Young
Cemark - Mobiliario Urbano e Publicidade, S.A.	Portugal	100.00	Ernst & Young
Concesionaria Atención Primaria, S.A.	Gremi de Sabaters, 21 (Loc. A. 15.2) - Palma de Mallorca (Balearic Islands)	82.50	Ernst & Young
Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	85.60	Ernst & Young
FCC Concesiones Al Ansar, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	
FCC Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 – Madrid	100.00	
FCC Midco, S.A.	Luxembourg	100.00	
FCC Topco, S.A.R.L.	Luxembourg	100.00	
FCC Versia, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	Baker & Tilly
Fedemes, S.L.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Jezzine Uno, S.L. Unipersonal	Av. Camino de Santiago, 40 – Madrid	80.03	Crowe
PPP Infrastructure Investments B.V.	Netherlands	100.00	
Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 – Madrid	100.00	

## ANNEXE II

**COMPANIES JOINTLY CONTROLLED WITH THIRD PARTIES OUTSIDE THE GROUP**  
**(CONSOLIDATED USING THE EQUITY METHOD)**

Company	Registered office	Carrying amount of the backlog		% Effective ownership	Auditor
		2021	2020		
<b>ENVIRONMENTAL SERVICES</b>					
Atlas Gestión Medioambiental, S.A.	Viriato, 47 – Barcelona	8,627	9,808	50.00	Ernst & Young
Beacon Waste Limited	United Kingdom	1,334	1,250	50.00	Deloitte
Ecoparc del Besós, S.A.	Av. Torre d'en Mateu. P.I. Can Salvatella s/n – Barcelona	7,389	7,803	49.00	Castellà Auditors Consultors S.L.P.
Ecoserveis Urbans de Figueres, S.L.	Av. de les Alegries, s/n – Lloret de Mar (Girona)	121	138	50.00	
Electrorecycling, S.A.	Ctra. BV – 1224 km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	1,319	1,284	33.34	Audinform
Empresa Mixta de Limpieza de la Villa de Torrox, S.A.	Plaza de la Constitución, 1 – Torrox (Málaga)	326	360	50.00	Audinform
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A.	Barrio Las Zorreras, 8 – Rincón de la Victoria (Málaga)	305	316	50.00	Audinform
Fisera Ecoserveis, S.A.	Alemanya, 5 – Figueres (Girona)	179	165	36.36	Auditoria i Control Auditors S.L.P.
Gestión y Valorización Integral del Centro, S.L.	De la Tecnología, 2. P.I. Los Olivos – Getafe (Madrid)	372	322	50.00	Capital Auditors
Ingeniería Urbana, S.A.	Calle I esquina calle 3, P.I. Pla de la Vallonga – Alicante	4,209	4,210	35.00	Deloitte
Mediaciones Comerciales Ambientales, S.L.	Av. Barcelona, 109. P.5 – Sant Joan Despí (Barcelona)	619	359	50.00	
Mercia Waste Management Ltd.	United Kingdom	8,714	11,781	50.00	Deloitte
Palacio de Exposiciones y Congresos de Granada, S.A.	Paseo del Violón, s/n – Granada	(2,660)	(1,969)	50.00	Hispanobelga Economistas Auditores, S.L.P.
Pilagest, S.L.	Ctra. BV – 1224 km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	614	211	50.00	

Company	Registered office	Carrying amount of the backlog		% Effective ownership	Auditor
		2021	2020		
Reciclado de Componentes Electrónicos, S.A.	Calle El Matorral (Parque Actividades Medioambientales) – Aznalcóllar (Sevilla)	3,129	1,924	50.00	KPMG
Servicios Urbanos de Málaga, S.A.	Av. Camino de Santiago, 40 – Madrid	3,191	3,216	51.00	
Severn Waste Services Limited	United Kingdom	213	199	50.00	Deloitte
Tratamiento Industrial de Residuos Sólidos, S.A.	Rambla Cataluña, 91 – Barcelona	1,037	1,580	33.33	Castellà Auditors Consultors S.L.P.
Zabalgardi, S.A.	Camino Artigabidea, 10 – Bilbao (Biscay)	13,834	16,060	30.00	KPMG
<b>AQUALIA</b>		-	-		
Aguas de Langreo, S.L.	Alonso del Riesgo, 3 – Langreo (Asturias)	853	909	24.99	Baker & Tilly
Aguas de Narixa, S.A.	Málaga, 11 – Nerja (Málaga)	308	237	25.50	Capital Auditors
Aigües de Girona, Salt i Sarrià del Ter, S.A.	Ciudadans, 11 – Gerona	162	162	13.71	
Compañía de Servicios Medioambientales do Atlántico, S.A.	Estrada de Cedeira Km. 1 – Narón (La Coruña)	299	296	24.99	Kreston Iberaudit
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	Mexico	(2,995)	(2,996)	12.50	Deloitte
Empresa Municipal de Aguas de Benalmádena EMABESA, S.A.	Explanada de Tivoli, s/n – Arroyo de la Miel (Málaga)	1,596	1,583	25.50	Audinfor
Girona, S.A.	Travesía del Carril, 2 – Gerona	1,650	1,701	17.14	Cataudit Auditors Associats, S.L.
HA Proyectos Especiales Hidráulicos S. de R.L. de C.V.	Mexico	1,045	992	25.25	Grant Thornton SC
Orasqualia Construction, S.A.E.	Egypt	(100)	(100)	25.50	KPMG
Orasqualia for the Development of the Waste Water Treatment Plant S.A.E.	Egypt	14,552	11,943	25.50	Deloitte
Orasqualia for Operation and Maintenance S.A.E.	Egypt	1,153	1,130	25.50	Deloitte

Company	Registered office	Carrying amount of the backlog		% Effective ownership	Auditor
		2021	2020		
<b>CONSTRUCTION</b>					
ACS FCC Canada Inc.	Canada	-	-	50.00	
Administración y Servicios Grupo Zapotillo, S.A. de C.V.	Mexico	115	108	50.00	
Altos del Javier, S.A.	Panama	-	-	50.00	
Consortio Tramo Dos S.A. DE C.V.	Mexico	-	8	50.00	Deloitte
Construcciones Olabarri, S.L.	Ripa, 1 – Bilbao (Vizcaya)	5,820	5,735	49.00	Charman Auditores
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	Mexico	-	-	24.50	Deloitte
Constructora Durango Mazatlán, S.A. de C.V.	Mexico	1,479	1,403	51.00	
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.	Mexico	(9,006)	(29,993)	40.00	Deloitte
Constructores del Zapotillo, S.A. de C.V.	Mexico	1,446	1,114	50.00	Grant Thornton SC
Ctra. Cabo San Lucas San José, S.A. de C.V.	Mexico	-	-	50.00	
Elaboración de Cajones Pretensados, S.L.	Av. Camino de Santiago, 40 – Madrid	2	2	50.00	
Integral Management Future Renewables, S.L.	A Condomiña, s/n – Ortoño (La Coruña)	-	3,488	50.00	
North Tunnels Canada Inc.	Canada	-	(1,674)	50.00	
OHL Co Canada & FCC Canada Ltd. Individual	Canada	(71,126)	(65,044)	50.00	
Operaciones y Servicios para la Industria de la Construcción, S.A. de C.V.	Mexico	-	-	50.00	
Servicios Empresariales Durango-Mazatlán, S.A. de C.V.	Mexico	124	119	51.00	
<b>CEMENT</b>					
Pedreira de l'Ordal, S.L.	Ctra. N 340 km. 1229.5 – Subirats (Barcelona)	1,750	3,243	49.64	Ernst & Young

Company	Registered office	Carrying amount of the backlog		% Effective ownership	Auditor
		2021	2020		
<b>REAL ESTATE</b>					
<b>Realia Group</b>					
As Cancelas Siglo XXI, S.L.	Av. Camino de Santiago, 40 – Madrid	37,254	–	20.38	Ernst & Young
MDM-Teide, S.A.	Panama	172	161	40.02	
Teide-MDM Quadrat, S.A.	Panama	30	60	40.02	
<b>OTHER ACTIVITIES</b>					
Ibisan Sociedad Concesionaria, S.A	Av. Isidor Macabich, s/n. Sant Rafel de Sa Creu (Balearic Islands)	8,401	8,204	50.00	Deloitte
Sociedad Concesionaria Tranvía de Murcia, S.A.	Paseo de la Ladera, 79– Murcia	24,427	22,572	50.00	Deloitte
<b>Grupo FM Green Power Investments</b>		–	<b>16,462</b>	<b>49.00</b>	
Enestar Villena, S.A.	Maestro Chanzá, 3 – Villena (Alicante)	–	–	49.00	Ernst & Young
Estructuras Energéticas Generales, S.A. Unipersonal	Paseo de la Castellana, 91 planta 11 – Madrid	–	–	49.00	
Ethern Electric Power, S.A.	Paseo de la Castellana, 91 planta 11 – Madrid	–	–	49.00	Ernst & Young
FM Green Power Investments, S.L.	Paseo de la Castellana, 91 planta 11 – Madrid	–	–	49.00	Ernst & Young
Guzmán Energía, S.L.	Portada, 11 – Palma del Río (Córdoba)	–	–	34.30	Ernst & Young
Helios Patrimonial 1, S.L. Unipersonal	Paseo de la Castellana, 91 planta 11 – Madrid	–	–	49.00	Ernst & Young
Helios Patrimonial 2, S.L. Unipersonal	Paseo de la Castellana, 91 planta 11 – Madrid	–	–	49.00	Ernst & Young
<b>TOTAL VALUE OF CONSOLIDATED COMPANIES USING THE EQUITY METHOD (JOINT VENTURES)</b>		<b>72,283</b>	<b>40,842</b>		

ANNEXE III

ASSOCIATES

(CONSOLIDATED USING THE EQUITY METHOD)

Company	Registered office	Carrying amount of the backlog		% Effective ownership	Auditor
		2021	2020		
<b>ENVIRONMENTAL SERVICES</b>					
Aprochim Getesarp Rymoil, S.A.	P.I. Logrezana s/n– Carreño (Asturias)	1,203	1,117	32.17	Menéndez Auditores
Aragonesa de Gestión de Residuos, S.A.	Paseo María Agustín, 36 – Zaragoza	13	12	12.00	CGM Auditores, S.L.y Villalba, Envid y Cia. Auditores, S.L.P.
Aragonesa de Tratamientos Medioambientales XXI, S.A.	Ctra. Castellón km. 58 – Zaragoza	608	609	33.00	
Betearte, S.A. Unipersonal	Cr. BI – 3342 pk 38 Alto de Areitio – Mallabia (Biscay)	144	(91)	33.33	
Gestión Integral de Residuos Sólidos, S.A.	Serrans, 12 – 14 Ent. 1 – Valencia	5,331	5,298	49.00	DULA Auditores, S.L.P.
Giref Generación Renovable	Pedro Lafayo, 6 - Ibiza	1	–	20.00	
<b>FCC Group - CEE</b>		<b>7,148</b>	<b>6,310</b>		
.A.R.K. Technicke Sluzby s.r.o.	Slovakia	–	–	50.00	
A.K.S.D. Városgazdálkodási Korlátolt FT	Hungary	–	–	25.50	Interauditor
ASTV s.r.o.	Czech Republic	–	–	49.00	
FCC + NHSZ Környezetvédelmi HKft	Hungary	–	–	50.00	Interauditor
FCC Hlohovec s.r.o.	Slovakia	–	–	50.00	
Huber Abfallservice Verwaltungs GmbH	Austria	–	–	49.00	
Huber Entsorgungs GmbH Nfg KG	Austria	–	–	49.00	
Killer GmbH	Austria	–	–	50.00	

Killer GmbH & Co KG	Austria	-	-	50.00	Rittmann
Recopap s.r.o.	Slovakia	-	-	50.00	
Tev-Akva Kft.	Hungary	-	-	8.67	Lazar Eniko
<b>FCC Group - PFI Holdings</b>	<b>United Kingdom</b>	<b>32,333</b>	<b>22,766</b>		
CI III Lostock Efw Limited	United Kingdom	-	-	40.00	
Lostock Power Limited	United Kingdom	-	-	40.00	
Lostock Sustainable Energy Plant Limited	United Kingdom	-	-	40.00	
<b>Tirme Group</b>		<b>8,156</b>	<b>6,783</b>		
Balear de Trituracions, S.L.	Cr. de Sóller km. 8.2) - Palma de Mallorca (Balearic Islands)	-	-	20.00	
Mac Insular, S.L.	P.I. Ses Veles, (Cl. Romaní), 2 – Bunyola (Balearic Islands)	-	-	14.00	Deloitte
Mac Insular Segunda, S.L.	Cr. de Sóller km. 8.2) - Palma de Mallorca (Balearic Islands)	-	-	15.00	
Tirme, S.A.	Ctra. Soller km. 8.2 Camino de Son Reus – Palma de Mallorca (Balearic islands)	-	-	20.00	Deloitte
Sogecar, S.A.	Polígono Torrelarragoiti – Zamudio (Biscay)	475	499	30.00	
<b>AQUALIA</b>					
Aguas de Archidona, S.L.	Pz. Ochavada, 1 – Archidona (Málaga)	24	62	24.48	Centium Auditores
Aguas de Denia, S.A.	Pedro Esteve, 17– Denia (Alicante)	427	440	16.83	Audinfor
Aguas de Guadix, S.A.	Plaza Constitución, 1– Guadix (Granada)	419	179	20.40	Deloitte
Aguas de Priego, S.L.	Plaza Constitución, 3 – Priego de Córdoba (Córdoba)	(66)	(33)	24.99	
Aguas del Puerto Empresa Municipal, S.A.	Aurora, 1 – El Puerto de Santa María (Cádiz)	3,924	3,910	24.98	Deloitte
Aigües de Blanes, S.A.	Canigó, 5 – Blanes (Gerona)	51	38	8.40	Acordia ACR, S.L
Aigües del Segarra Garrigues, S.A.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	-	-	0.52	Deloitte

Aigües del Vendrell, S.A.	Vella, 1 – El Vendrell (Tarragona)	471	509	24.99	Gm Auditors SL
Codeur, S.A.	Mayor, 22 – Vera (Almería)	6,503	6,560	13.26	Deloitte
Concesionaria de Desalación de Ibiza, S.A.	Rotonda de Santa Eulalia, s/n – Ibiza (Balearic Islands)	1,203	1,208	25.50	BDO Auditores
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	(5,396)	(5,396)	12.50	
EMANAGUA Empresa Mixta Municipal de Aguas de Nijar, S.A.	Plaza de la Glorieta, 1 – Nijar (Almería)	255	320	24.99	Deloitte
Empresa Mixta de Aguas de Ubrique, S.A.	Juzgado, s/n – Ubrique (Cádiz)	81	77	24.99	Vaciero Auditores
Empresa Mixta de Aguas de Jodar, S.A.	Pz. España, 1 – Jodar (Jaén)	35	13	24.99	Vaciero Auditores
Empresa Municipal de Aguas de Algeciras, S.A.	Av. Virgen del Carmen – Algeciras (Cádiz)	163	153	24.99	Kreston Iberaudit
Empresa Municipal de Aguas de Linares, S.A.	Cid Campeador, 7 – Linares (Jaén)	290	198	24.99	Centium Auditores
Empresa Municipal de Aguas de Toxiria, S.A.	Plaza de la Constitución – Torredonjimeno (Jaén)	108	92	24.99	Vaciero Auditores
Nueva Sociedad de Aguas de Ibiza, S.A.	Av. Bartolomé Roselló, 18 - Ibiza (Balearic Islands)	101	83	20.40	
Omán Sustainable Water Services SAOC	Oman	1,220	953	24.99	Deloitte
Operadora El Realito, S.A. de C.V.	Mexico	279	278	7.65	Ernst & Young
Prestadora de Servicios Acueducto El Realito, S.A. de C.V.	Mexico	1	1	12.50	
Proveïments d’Aigua, S.A.	Astúries, 13 - Gerona	637	603	7.71	GPM Auditors Associats
Sera Q A Duitama E.S.P., S.A.	Colombia	6	8	15.61	
Suministro de Aguas de Querétaro, S.A. de C.V.	Mexico	9,325	9,136	25.51	Deloitte
<b>CONSTRUCTION</b>					
Agrenic Complejo Industrial Nindirí, S.A.	Nicaragua	2,239	2,194	50.00	Deloitte
Aigües del Segarra Garrigues, S.A.	C/ Mas d’en Colom, 14 – Tárrega (Lleida)	7,473	7,193	24.68	Deloitte
Cafig Constructores, S.A. de C.V.	Mexico	4,497	3,518	45.00	Deloitte
Construcciones y Pavimentos, S.A.	Panama	4	4	50.00	



Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	(5)	(4)	24.50	Deloitte
Constructora San José - Caldera CSJC, S.A.	Costa Rica	(1,681)	(1,548)	50.00	Ernst & Young
Constructora San José - San Ramón SJSR, S.A.	Costa Rica	(68)	(60)	50.00	
Constructora Terminal Valle de México, S.A. de C.V.	Mexico	1,096	422	14.28	Deloitte
Desarrollo Cuajimalpa, S.A. de C.V.	Mexico	6	6	25.00	
Efi Túneles Necaxa, S.A. de C.V.	Mexico	406	319	45.00	
Euroconcretos de Nicaragua, S.A.	Nicaragua	-	-	40.00	
FCC Tarrío TX-1 Construção Ltda	Brazil	-	-	70.00	
M50 (D&C) Limited	Ireland	(3,273)	(3,273)	42.50	Deloitte
N6 (Construction) Limited	Ireland	(38,413)	(38,413)	42.50	Deloitte
OHL-FCC GP Canada Inc.	Canada	-	-	50.00	
Prestadora de Servicios Acueducto El Realito, S.A. de C.V.	Mexico	1	1	24.50	
Promvias XXI, S.A.	Anglesola, 6 - Barcelona	1	1	25.00	
Roadbridge FCC JV Limited	Ireland	212	951	50.00	Mazars
Servicios CTVM, S.A. de C.V.	Mexico	3	2	14.28	Deloitte
Serv. Terminal Valle de México, S.A. de C.V.	Mexico	34	32	14.28	Deloitte
Terminal Polivalente de Huelva, S.A.	La Marina, 29. Huelva	-	-	31.50	
<b>CEMENT</b>					
Aplicaciones Minerales, S.A.	Camino Fuente Herrero - Cueva Cardiel (Burgos)	479	504	34.39	
Canteras y Hormigones VRE, S.A.	Berroa (P.I. La Estrella) - Tanojar (Navarra)	(312)	(370)	49.74	
<b>Giant Group</b>		<b>18,327</b>	<b>9,973</b>		
Coastal Cement Corporation	USA	-	-	44.77	

Dragon Energy LLC.	USA	-	-	44.77	
Dragon Products Company Inc.	USA	-	-	44.77	
Giant Cement Company	USA	-	-	44.77	
Giant Cement Holding Inc.	USA	-	-	44.77	Deloitte
Giant Cement NC Inc.	USA	-	-	44.77	
Giant Cement Virginia Inc.	USA	-	-	44.77	
Giant Resource Recovery Inc.	USA	-	-	44.77	
Giant Resource Recovery - Arvonía Inc.	USA	-	-	44.77	
Giant Resource Recovery - Attalla Inc.	USA	-	-	44.77	
Giant Resource Recovery - Harleyville, Inc.	USA	-	-	44.77	
Giant Resource Recovery - Sumter Inc.	USA	-	-	44.77	
Keystone Cement Company	USA	-	-	44.77	
Sechem Inc.	USA	-	-	44.77	
Hormigones Castro, S.A.	Ctra. Nacional 634 - Ambrosero - Barcena de Cicero (Cantabria)	283	303	35.04	
Hormigones de la Jacetania, S.A.	Llano de la Victoria – Jaca (Huesca)	820	1,327	62.18	KPMG
Hormigones del Baztán, S.L.	Berroa (P.I. La Estrella) - Tanojar (Navarra)	432	414	49.74	
Hormigones Delfín, S.A.	Venta Blanca - Peralta (Navarra)	870	857	49.74	
Hormigones en Masa de Valtierra, S.A.	Ctra. Cadreita km. 1 - Valtierra (Navarra)	2,390	2,369	39.80	
Hormigones Galizano, S.A.	Ctra. Nacional, 634 - Ambrosero - Barcena de Cicero (Cantabria)	158	146	43.80	
Hormigones Reinares, S.A.	Pintor Murillo, s/n - Calahorra (La Rioja)	899	833	49.74	
Hormigones y Áridos del Pirineo Aragonés, S.A.	Ctra. Nacional, 260 km. 516.5- Sabiñánigo (Huesca)	6,090	5,941	49.74	KPMG
Lázaro Echevarría, S.A.	P.I. Isasia- Alsasua (Navarra)	7,959	8,065	27.86	KPMG

Navarra de Transportes, S.A.	C/Circunvalación Inguraketa s/n - Olazagutia (Navarra)	607	525	33.16	KPMG
Novhorvi, S.A.	Portal de Gamarra, 25 - Vitoria -Gasteiz (Alava)	108	125	33.16	
Portcemen, S.A.	Muelle Contradique Sur- Puerto Barcelona - Barcelona	1,092	1,195	33.09	
Terminal Cimentier de Gabes-Gie	Tunisia	34	33	29.13	Ernst & Young
Vescem-LID, S.L.	Valencia, 245 - Barcelona	27	27	24.82	
<b>REAL ESTATE</b>		-	-		
Grupo Realia Business		-	278,103		
Las Palmeras de Garrucha, S.L.	Mayor, 19 – Garrucha (Almería)	970	971	16.01	
<b>OTHER ACTIVITIES</b>		-	-		
Future Valleys Project Co Limited	United Kingdom	1,944	13	42.50	Grant Thornton SC
Future Valley Hold Co Limited	United Kingdom	-	-	42.50	Grant Thornton SC
Metro de Lima Línea 2, S.A.	Peru	31,684	26,215	18.25	Ernst & Young
Sigenera, S.L.	Av. Linares Rivas, 1 – La Coruña	260	380	50.00	
World Trade Center Barcelona, S.A. de S.M.E.	Moll Barcelona (Ed. Este), s/n – Barcelona	9,904	10,137	24.01	Ernst & Young
<b>TOTAL VALUE OF CONSOLIDATED COMPANIES USING THE EQUITY METHOD (ASSOCIATED COMPANIES)</b>		<b>133,030</b>	<b>382,126</b>		

## ANNEXE IV

### CHANGES IN THE SCOPE OF CONSOLIDATION

#### ADDITIONS

Company	Registered office
<b>GLOBAL CONSOLIDATION</b>	
Aqualia Gestión Los Cabos SACV	Mexico
FCC Equal CEE Baleares, S.L.U.	Camino Fondo, 27 - Palma (Balearic Islands)
Jezzine Uno S.L. Unipersonal	Av. Camino de Santiago, 40 – Madrid
Premier Waste Services, LLC.	USA
Aqualia Gestión Los Cabos SACV	Mexico
FCC Equal CEE Baleares, S.L.U.	Camino Fondo, 27 - Palma (Balearic Islands)
<b>PROPORTIONAL</b>	
Lúcius & RRC, ACE	Portugal
<b>JOINT VENTURES</b>	
Future Valley Hold Co Limited	United Kingdom

**CHANGES IN THE SCOPE OF CONSOLIDATION**  
**DERECOGNITIONS**

<b>Company</b>	<b>Registered office</b>
<b>GLOBAL CONSOLIDATION</b>	
Agua y Gestión del Ciclo Integral, S.L.U. (1)	Av. Diego Martínez Barrio, 4 – Seville
Beootpad d.o.o. Beograd (2)	Serbia
Bvefdomintaena Beteiligungsverwaltung GmbH (2)	Austria
Carbocem, S.A. (2)	María Tubau, 9 – 4 planta – Madrid
Cedinsa Concessionària, S.A. (3)	Av. Josep Tarradellas, 38 – Barcelona
Cedinsa Conservació, S.L. Unipersonal (3)	Ctra. C-16 – Puig-Reig (Barcelona)
Cedinsa d'Aro Concessionària de la Generalitat de Catalunya, S.A.Unipersonal (3)	Av. Josep Tarradellas, 38 – Barcelona
Cedinsa Eix Llobregat Concessionària de la Generalitat de Catalunya, S.A.Unipersonal (3)	Av. Josep Tarradellas, 38 – Barcelona
Cedinsa Eix Transversal Concessionària de la Generalitat de Catalunya, S.A.Unipersonal (3)	Av. Josep Tarradellas, 38 – Barcelona
Cedinsa Ter Concessionària de la Generalitat de Catalunya, S.A.Unipersonal (3)	Av. Josep Tarradellas, 38 – Barcelona
Compañía Catalana de Servicios, S.A. (4)	Balmes, 36 – Barcelona
Per Gestora, S.L. (2)	Federico Salmón, 13 – Madrid
<b>JOINT VENTURES</b>	
A.I.E. Itam Delta de la Tordera (2)	Berlin, 38-48. Barcelona
ACE Ribeiradio-Ermida (2)	Portugal

Company	Registered office
<b>ASSOCIATES</b>	
Concessió Estacions Aeroport L9, S.A. (5)	Av. Carrilet, 3 Edificio D – L’Hospitalet de Llobregat (Barcelona)
Helios Operación y Mantenimiento, S.L. (5)	Av. Camino de Santiago, 40 – Madrid
Integral Management Future Renewables, S.L. (5)	A Condomiña, s/n – Ortoño (La Coruña)
North Tunnels Canada Inc. (6)	Canada
Port Premià, S.A (2)	Balmes, 36. Barcelona
Urbs Iudex et Causidicus, S.A. (5)	Av. Carrilet, 3. L’Hospitalet de Llobregat (Barcelona)
Villena O&M, S.L. (5)	Av. Camino de Santiago, 40 – Madrid

(1) Derecognition by merger with FCC Aqualia, S.A.

(2) Derecognition by liquidation

(3) Derecognition by disposal of the Cedinsa Concessionària Group.

(4) Derecognition by absorption with FCC Environment

(5) Derecognition by disposal

(6) Derecognition by dissolution

CHANGES IN THE SCOPE OF CONSOLIDATION

CHANGES IN THE SCOPE OF CONSOLIDATION

Company	Change in the consolidation method (current method)	Change in the consolidation method (previous method)
Realia Contesti, S.R.L.	Global	Equity method
Realia Business, S.A.	Global	Equity method
Boane 2003, S.A. Unipersonal	Global	Equity method
Guillena Golf, S.L. Unipersonal	Global	Equity method
Hermanos Revilla, S.A.	Global	Equity method
Inversiones Inmobiliarias Rústicas y Urbanas 2000, S.L.	Global	Equity method
Planigesca, S.A.	Global	Equity method
Realia Patrimonio, S.L.U.	Global	Equity method
Servicios Índice, S.A.	Global	Equity method
Valaise, S.L. Unipersonal	Global	Equity method

ANNEXE V

TEMPORARY CONSORTIA (JOINT VENTURES), ECONOMIC INTEREST GROUPS AND  
OTHER ENTERPRISES JOINTLY MANAGED WITH THIRD PARTIES OUTSIDE THE GROUP

	Proportional integration at 31 December 2021
<b>ENVIRONMENTAL SERVICES</b>	
Absa – Perica JV	60.00
Absa – Perica II JV	60.00
A Coruña Limpieza JV	70.00
Airport VI JV	50.00
Agarbi JV	60.00
Agarbi Bi JV	60.00
Agarbi Interiores JV	60.00
Aizmendi JV	60.00
AKEI JV	60.00
Alcantarillado Melilla JV	50.00
Alella JV	50.00
Alumbrado Tias JV	67.00
Arazuri 2016 JV	50.00
Arazuri 2020 JV	50.00
Arcos JV	51.00
Artigas JV	60.00
Arucas II JV	70.00
Bailin Etapa 2 JV	60.00
Baix Ebre-Montsià JV	60.00
Berango JV	60.00
Bilboko Saneamendu JV	50.00
Bilboko Saneamendu Bi JV	50.00



	<b>Proportional integration at 31 December 2021</b>
Bilketa 2017 JV	60.00
Biocompost de Álava JV	50.00
Bizkaiko Hondartzak JV	50.00
Bizkaiko Hondartzak 2021 JV	50.00
Boadilla JV	50.00
Cabrera de Mar JV	50.00
Cana Putxa JV	20.00
Carma JV	50.00
Chipiona JV	50.00
CMG2 Lanak JV	82.00
CMG2 Kudeaketa JV	82.00
Complejo Ambiental Copero JV	67.00
Contenedores las Palmas JV	30.00
Contenedores Madrid JV	38.25
Contenedores Madrid 2 JV	36.50
CTR – Vallès JV	20.00
Ctr. de l'alt Empordà JV	45.00
CTR Valladolid JV	80.00
Cua JV	50.00
Donostiako Garbiketa JV	70.00
Dos Aguas JV	35.00
Eco A Coruña JV	85.00
Ecogondomar JV	70.00
Ecoparque Cáceres JV	50.00
Ecourense JV	50.00
Eco-Tri JV	50.00
Efic. Energ. JV Puerto del Rosario JV	60.00
Elche JV	50.00

	Proportional integration at 31 December 2021
Energía Solar Onda JV	25.00
Enllumenat Sabadell JV	50.00
Envases Ligeros Málaga JV	50.00
Epeleko Konposta JV	60.00
Epeleko Planta JV	35.00
Epremasa Provincial JV	55.00
Eretza JV	70.00
Es Vedra JV	25.00
Etxebarri JV	60.00
FCC Caviclum JV	80.00
FCC - Ers Los Palacios JV	50.00
FCC Perica I JV	60.00
FCC - SuFI Majadahonda JV	50.00
FCC-Mcc Santiago del Teide JV	80.00
F.L.F. La Plana JV	47.00
F.S.S. JV	99.00
Fuentes las Palmas JV	25.00
Gestió Integral de Runes del Papiol JV	40.00
Gestión Instalación III JV	34.99
Giref JV	20.00
Goierri Garbia JV	60.00
Guipuzkoako Hondartzak 2020 JV	60.00
Guipuzkoako Portuak 2019 JV	40.00
Icat Lote 7 JV	50.00
Icat Lote 11 JV	50.00
Icat Lote 15 JV	50.00
Icat Lote 20 and 22 JV	70.00
Bilbao Interiors JV	80.00

	<b>Proportional integration at 31 December 2021</b>
Bilbao Interiors II JV	70.00
Jardineras 2019 JV	60.00
Jardines Boadilla JV	70.00
Jardines Pto del Rosario JV	78.00
Jardines UJI JV	50.00
Jard. Universitat Jaume I JV	50.00
Jerez JV	80.00
Jundiz II JV	51.00
Kimaketak Hiru JV	50.00
Kimeketak Bi JV	50.00
la Lloma del Birlet JV	80.00
Lagunas II JV	33.34
Lagunas de Arganda JV	50.00
Las Caldas Golf JV	50.00
Legio VII JV	50.00
Lekeitioko Mantenimendua JV	60.00
Lezo Garbiketa 2018 JV	55.00
Limpieza Santa Coloma JV	50.00
Limpieza y RSU Lezo JV	55.00
Logroño Limpio JV	50.00
Luze Vigo JV	40.00
LV Lote IV JV	65.00
LV Ribera JV	90.00
LV RSU Muszik JV	60.00
LV RSU Vitoria-Gasteiz JV	60.00
LV Zumaia JV	60.00
LV Zumarraga JV	60.00
Mant. Edificios Valencia JV	55.00

	Proportional integration at 31 December 2021
Manteniment Lot 12 JV	75.00
Mantenimiento Reg Cornellà JV	60.00
Mantenimiento Breña Alta JV	50.00
Marepa – Carpa Pamplona JV	50.00
Melilla JV	50.00
Mnto. Mediterranea FCC JV	50.00
Mnto. Edifici Mossos Esquadra	70.00
Muérdago JV	60.00
Muskiz JV	60.00
Neteja Illes Balears JV	50.00
Neumática Casco Antiguo JV	65.00
Onda Exploitation JV	33.33
Pájara JV	70.00
Pamplona JV	80.00
Parla JV	50.00
Parques Infantiles LP JV	50.00
Pasaia JV	70.00
Waste Plan JV	47.50
Planta Estabilizac. Tudela JV	55.00
Planta Materia Orgánica JV	40.00
Planta Rsi Tudela JV	60.00
Planta Transferencia FTV 2 JV	70.00
Planta Tr. Fuerteventura	70.00
Planta Tratamiento Valladolid JV	90.00
Playas Gipuzkoa III JV	55.00
Poniente Almeriense JV	50.00
Portmany JV	50.00
PTMR JV	50.00

	Proportional integration at 31 December 2021
Puerto II JV	70.00
Puerto de Pto del Rosario JV	70.00
RBU Els Ports JV	50.00
RBU Villa-Real JV	47.00
Recollida Segrià JV	60.00
Reg Cornellà JV	60.00
Residuos 3 Zonas Navarra JV	60.00
RSU Bilbao II JV	60.00
RSU Chipiona JV	50.00
RSU Inca JV	80.00
RSU LV S. Bme. Tirajana JV	50.00
RSU y LV Torrejón de Ardoz JV	60.00
RSU Málaga JV	50.00
RSU Sestao JV	60.00
RSU Tolosaldea JV	60.00
S.U. Alicante JV	33.33
S.U. Benicassim	35.00
S.U. Bilbao	60.00
S.U. Oropesa del Mar	35.00
Saneamiento Urbano Castellón JV	65.00
Saneamiento Vitoria-Gasteiz JV	60.00
Saneament Cellera de Ter JV	50.00
San Miguel-Anaka JV	50.00
SAV – FCC Tratamientos JV	35.00
Seguretat Urbicsa JV	60.00
Selectiva Urola Kosta II 2017 JV	60.00
Selectiva las Palmas JV	55.00
Selectiva Sanlucar JV	50.00

	Proportional integration at 31 December 2021
Selectiva San Marcos II JV	63.00
Selectiva Urola Kosta JV	60.00
Solares Ceuta JV	50.00
Son Espases JV	50.00
Tolosako Garbiketa JV	40.00
Tolosako Garbiketa 2020 JV	40.00
Tolosaldea RSU 2018 JV	60.00
Transp. y Elim. SUW	33.33
Transporte RSU JV	33.33
Txingudiko Garbiketa JV	73.00
Urola Erdia JV	60.00
Urretxu Garbiketa JV	60.00
Urretxu y Zumarraga JV	65.00
Vertedero Gardelegui III JV	70.00
Vertresa JV	10.00
Vidrio Melilla JV	50.00
Vigo Recicla JV	70.00
Vilomara II JV	33.33
Zamora Limpia JV	30.00
Zaragoza Delicias JV	51.00
Zarautz Garbia JV	60.00
Zarauzko Garbieta JV	60.00
Zumaia JV	60.00
Zumarraga Garbia JV	60.00
Zurita II JV	50.00
<b>AQUALIA</b>	
A.I.E. Costa Brava Abastament Aqualia-Sorea	50.00
A.I.E. Sorea Aqualia	37.50

	Proportional integration at 31 December 2021
Abastament en Alta Costa Brava Empresa Mixta, S.A.	26.00
Aguas y Servicios de la Costa Tropical de Granada, A.I.E.	51.00
Empresa Mixta d'Aigües de la Costa Brava, S.A.	25.01
Empresa Mixta de Aguas y Servicios, S.A.	41.25
Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E.	75.00
Consortium O&M Alamein	65.00
Abastecimiento Picadas Almoguera JV	95.00
Abu Rawash Construccion JV	50.00
Agua Santo Domingo JV	70.00
Aguas Alcalá JV	50.00
Aguas del Doramás JV	50.00
Alkhorayef-FCC Aqualia JV	51.00
Expansion SWDP Melilla JV	50.00
Badajoz Zona Este JV	50.00
Badajoz Zona Oeste JV	50.00
Calle Cruz JV	80.00
UTE Cap Djinet	50.00
UTE Cons. Gestor Ptar Salitre JV	30.00
UTE Costa Tropical	51.00
Costa Tropical II JV	51.00
UTE Costa Tropical III	51.00
Depuración Poniente Almeriense JV	75.00
Depuradoras Lote 1 JV	95.00
Edar A Guarda 2013 JV	50.00
Edar Baeza JV	50.00
Edar Gijón JV	60.00
UTE Edar Tablada	50.00
Gestión Cangas JV	70.00

	Proportional integration at 31 December 2021
Groupement Solidaire Jerba JV	50.00
Guadiana Pueblonuevo JV	51.00
Hidc - Hidr. – Inv Do Centr. Ace JV	50.00
UTE Ibiza	50.00
Idam San Antoni JV	50.00
Idam Sant Antoni II JV	50.00
SWDP Santa Eulalia JV	50.00
Idam Santa Eulalia II JV	50.00
Idam Santa Eulalia III JV	50.00
UTE Idga Saneca	70.00
Infilco JV	50.00
Louro JV	65.00
UTE Mostaganem	50.00
Obra Edar Argamasilla de Calatrava JV	70.00
OYM CAP Djinet JV	50.00
JV OYM Mostaganem	50.00
Ptar Ambato JV	60.00
UTE Puebla Reina	65.00
Qatar JV	51.00
UTE SCC Sice	50.00
SEAFSA Lanzarote JV	60.00
UTE Sentinas	50.00
Sollano-Zalla JV	50.00
TSE Riad JV	51.00
Vigo Piscinas JV	50.00
Zafra JV	65.00
<b>CONSTRUCTION</b>	
ACE Caet XXI Construções	50.00



	Proportional integration at 31 December 2021
Consorcio Cobra – FCC Industrial	43.00
Consorcio FCC Construcción-Ferrovial Agroman Ltda.	50.00
Fast Consortium Limited LLC	35.92
Lúcius & RRC, ACE	50.00
ACP du Port de la Condamine	45.00
Asoc. Astaldi-FCC-Salcef-Thales, Lot 2 A	49.50
Asoc. Astaldi-FCC-Salcef-Thales, Lot 2 B	49.50
Asoc. FCC Azvi Straco S. Atel-Micasasa	55.00
Asocierea FCC-Astaldi-Convensa, Tronson 3	50.50
Associate FCC Azvi S. Sighisoara - Atel	55.00
Atraque Ribera Fondo CS Ute	50.00
BSV Mersey Joint Venture Uninc	50.00
CJV-UJV	35.92
Consorcio Antioquía al Mar	40.00
Consorcio Centenario de Panamá Sociedad Accidental	50.00
Consorcio Chicago II	60.00
Consorcio CJV Constructor Metro Lima	25.50
Consorcio Epc Metro Lima	18.25
Consorcio FCC Americas	50.00
Consorcio FCC-FI	50.00
Consorcio FCC – Corredor de las Playas	51.00
Consorcio FCC – Corredor de las Playas II	51.00
Consorcio FCC-JJC (Puerto Callao)	50.00
Consorcio Ica – FCC – Meco Pac-4	43.00
Consorcio Línea 2	40.00
Consorcio Línea 2 Ramal	40.00
Consorcio Línea Uno	45.00
Consorcio M&S Santa Fe Mca	50.00

	Proportional integration at 31 December 2021
Consorcio Nueva Esperanza	63.00
Consorcio Remos Fase I	60.00
Fast 5 – U.J.V.	28.25
FCC - Yuksel – Archidoron – Petroserv J.V.	50.00
Groupement FCC - Ingenium	93.00
J.V. Asocierea Arad-Timisoara FCC-Webuild	50.00
J.V. Astaldi-FCC-UTI-Activ. Magistrala	37.00
J.V. Bypass Constata	50.00
J.V. Centure Otopeni Overpass	40.00
J.V Estension of Line 2 to Antohoupoli	50.01
J.V. FCC, Hochtief Un Acb – Aeropuerto Riga	36.00
J.V. SFI Leasing Company	30.00
Merseylink Civil Contractors J.V.	33.33
Metro Bucarest J.V.	47.50
RokFCC JV	80.00
Shimmick Co. Inc. FCC Co. Impregilo Spa JV	30.00
Sisk FCC Gg Ppp	50.00
Thv Cafasso Construction	50.00
TJV-UJV	16.16
Webuild – FCC JV (Basarab)	50.00
2nd Phase Sphinx Dam JV	35.00
Accesos a La Estación de La Sagrera JV	37.50
Acceso Norte A Vigo Nueva Estación JV	50.00
Acceso Puerto Seco Monforte JV	50.00
Adif Bancada 2018 JV	50.00
Adolfo Suárez Airport JV	50.00
Castellón Airport JV	50.00
Aguas Madrid 2021 JV	70.00

	Proportional integration at 31 December 2021
Alameda de Cervantes en Lorca JV	60.00
Alta Capacidad 2020 JV	50.00
Alumbrado Alameda JV	20.00
Andenes L1-L9 Tram Benidorm JV	65.00
Aparatos Atocha JV	39.97
Arroyo del Fresno JV	50.00
Aucosta Conservación JV	50.00
Auditorio de Lugo JV	50.00
Autovía el Batán – Coria JV	50.00
Autopista Cartagena – Vera JV	50.00
Ave Alcántara-Garrovillas JV	85.00
Ave Eje Sur JV	25.00
Ave Girona JV	40.00
Ave Maside JV	67.00
Avenoreste1 JV	25.00
Avenoreste2 JV	25.00
Badajoz Sur JV	50.00
Barbados JV	50.00
Barcience JV	50.00
Belltall JV	40.00
Bergara Antzuola JV	50.00
Boetticher Clima JV	50.00
Boetticher Electricidad JV	50.00
Bombeo Fuente Alamo JV	60.00
Bosque de la Herrería JV	40.00
Brazatortas JV	33.34
C&F Jamaica JV	50.00
Cáceres Norte JV	50.00

	Proportional integration at 31 December 2021
Cáceres Plasencia JV	50.00
Calders-Vilaseca JV	20.00
Campo Gibraltar JV	80.00
Cárcel Marcos Paz JV	35.00
Carretera Ibiza - San Antonio JV	50.00
Castuera JV	33.34
Catlántico JV	25.00
Cecoex JV	20.00
Centro Salud Tui JV	50.00
Chuac JV	50.00
Cierre Anillo Insular Tfe JV	85.00
Circuito JV	70.00
Circunvalación Lucentum JV	50.00
Ciutat de la Justícia JV	30.00
Conexión Corredor Mediterráneo JV	40.00
Conexión Molinar JV	70.00
Conservacion Ex-A1 JV	50.00
Conservacion Plasencia JV	50.00
Conservación Telde JV	50.00
Construcción Tranvía Zaragoza JV	50.00
Control JV	80.00
Control Mogán JV	33.33
Club de Mar Mallorca JV	70.00
Creaa JV	50.00
Suministros Puente Río Ozama JV	50.00
Deacentro JV	60.00
Deansur JV	60.00
Desarrollo Puerto de Avilés Fase I JV	80.00

	Proportional integration at 31 December 2021
Dique Este JV	35.00
Dique Torres JV	27.00
Districte Administratiu Lot 2 JV	99.99
Donostialdea 2018 JV	60.00
Duplicacion Calzada N-338 JV	60.00
Efw South Humber JV	50.00
Electrification La Sagrera JV	50.00
Encauzamiento Barranco de Fraga JV	60.00
ErtMS Rodalies Bcn JV	22.00
Esclusa Sevilla JV	70.00
Estación Girona JV	40.00
Estacions Line 9 JV	33.00
Estacions Terrassa JV	36.00
Ezkio Itsaso JV	40.00
Facultad de Filosofía JV	60.00
Fase II Pabellón Reyno de Navarra JV	50.00
FCC Industrial - Aton JV	90.00
FCCi-Orbe JV	70.00
F.I.F. GNL FB 301/2 JV	35.96
Fuente de Cantos JV	50.00
Galibos Monforte JV	50.00
UTE Galindo-Beurko	60.00
Gc – 1 Puerto de Rico – Mogán JV	40.00
Girona Norte 2014 JV	70.00
Goián JV	70.00
Granadilla II JV	50.00
Guadarrama 3 JV	33.33
Guadarrama 4 JV	33.33

	<b>Proportional integration at 31 December 2021</b>
Helios I JV	74.50
Helios 2 JV	74.50
Hospital Alcázar JV	60.00
Hospital Campus de la Salud JV	80.00
Hospital del Sur, Segunda Fase JV	40.00
Hospital FCC - Vvo JV	80.00
Hospital Norte Tenerife JV	80.00
Hospital Son Dureta JV	33.00
Hospital Universitario de Murcia JV	50.00
Lecisa-FCC/Interfonia En Estaciones JV	50.00
Impermeabilización Túnel Pajares Norte JV	50.00
Instalaciones Madrid Este JV	46.25
Instalaciones Metro Málaga JV	54.00
Instalaciones Urbanas Este JV	50.00
Juan Grande JV	50.00
La Aldea JV	35.00
Línea 2 JV	50.00
Línea 9 JV	33.00
Llovio 2012 JV	70.00
Lote 1 Centro JV	50.00
Lot 2 Pmi Bcn JV	80.00
Lot 3 Pmi Bcn JV	80.00
Lot 5 Glories JV	37.50
Lote 4 Hospital de Alcañiz JV	55.00
Lote 6 Sur JV	50.00
M-407 JV	50.00
Madrid Sevilla Ave JV	60.00
Manteniment Rondes 2012 JV	70.00

	Proportional integration at 31 December 2021
Mantenimiento Júcar JV	50.00
Mantenimiento Tdm 2018 JV	50.00
Mantenimiento Tranvía Zaragoza JV	50.00
Mantenimiento Vía Aranjuez JV	50.00
Maquinaria Pesada 2015 JV	50.00
Medinaceli JV	22.40
Mejora Estructuras Mora JV	39.97
Metro Línea 12 JV	95.00
Metro Málaga JV	36.00
Metro Madrid JV	70.00
Miv Centro JV	19.00
Miv Centro 2021-2022 JV	22.50
Miv Sur JV	27.00
Miv Sur Lot 6 JV	22.50
Monforte JV	24.00
Montaje Vía Mollet – Girona JV	50.00
Mora - Calatrava JV	39.97
Mto Postr Tajo-Segura JV	60.00
Muelle Baleares JV	70.00
Muelle de la Química JV	70.00
Muelle Poniente Norte de Pto Palma JV	75.00
Muelles Comerciales JV	60.00
Murcia JV	40.00
Navalmoral JV	55.00
Nave Frío Cilsa JV	50.00
Nudo de Mollet JV	50.00
Nuevo Estadio Vcf JV	49.00
Nuevo Hospital de Cáceres JV	50.00

	Proportional integration at 31 December 2021
Nuevo Puerto de Igoumenitza JV	50.00
Obras Alumbrado Madrid JV	50.00
Operadora Termosolar Guzmán JV	67.50
Osorno 2019 JV	60.00
Pabellón Arena JV	50.00
Pabellón Reyno de Navarra JV	50.00
Pago de Enmedio JV	75.00
Palacio de Congresos de León JV	50.00
Parque Tecnológico JV	60.00
Pasaia Berri JV	50.00
Pasaia Berri Instalaciones JV	80.00
Pizarro JV	99.00
Pla de Na Tesa JV	70.00
Pont de Candi JV	75.00
Presa Enciso JV	50.00
Presas Itoiz JV	33.00
Prim Barrio San Anton – Elche JV	80.00
Proser – Geocontrol JV	60.00
Proser – Geocontrol II JV	62.00
Psir Castro Urdiales JV	50.00
Puente del Rey JV	33.33
Puente Río Ozama (Dfc-Cocimar) JV	35.00
Puerto de Granadilla JV	50.00
Puertollano JV	50.00
Radiales JV	35.00
Red Arterial Palencia Fase I JV	80.00
Reforma Plaza España JV	80.00
Regadíos Río Flumen JV	60.00



	Proportional integration at 31 December 2021
Rehabilitación Parque la Gavia JV	75.00
Renovación Desvíos Fase 1 JV	25.00
Ruta Nacional Haití JV	55.00
Sagunto JV	60.00
Saneamiento Arco Sur JV	56.50
Saneamiento de Villaviciosa JV	80.00
Santa Maria D'oló-Gurb JV	60.00
Sector M-5 2012 JV	70.00
Serv. Energ. Piscina Cub. S. Caballo JV	50.00
Sica JV	60.00
Sica II JV	50.00
Sistemas Tunel Plaza de España JV	50.00
Sotiello JV	50.00
Ssaa Ap - 7 JV	50.00
Tecsacon 2017 JV	20.00
TF-5 2ª FASE JV	70.00
Torquemada JV	50.00
Torre Don Jimeno JV	50.00
Tratamientos Selvícolas 2020 JV	50.00
TS Villena JV	88.00
Túnel Aeroport JV	49.00
Túnel Aeroport II JV	49.00
Túnel Atocha Chamartín JV	40.00
Túnel C.E.L.A. JV	50.00
Túnel de Pajares 1 JV	50.00
Túnel Fira JV	49.00
Tunnel La Aldea JV	50.00
Túneles Bolaños JV	47.50

	Proportional integration at 31 December 2021
Túneles de Barajas JV	50.00
Túneles de Guadarrama JV	33.33
Túneles de Sorbes JV	67.00
Ue 1 Arroyo del Fresno JV	50.00
Ue 2 Arroyo del Fresno JV	50.00
Unquera – Pendueles JV	80.00
Urbanització Girona JV	40.00
Urbanización Parc Sagunt JV	50.00
Urbanizacion Vara del Rey JV	57.50
Urbanización Via Parque Tramo Av. JV Carb.-P	60.00
Vandellós JV	24.00
Variante Mancha Real JV	67.00
Velódromo JV	60.00
Vertedero Castañeda JV	62.50
Vía Pajares JV	50.00
Viaducto Quisi JV	65.00
Vigo-Das Maceiras JV	50.00
Vilariño (Via izquierda) JV	90.00
Yeltes JV	75.00
Yesa JV	33.33
<b>REAL ESTATE</b>	
C.B.Turó del Mar	20.38
<b>OTHER ACTIVITIES</b>	
F C y C Harri Iparra JV	50.00
Mel 9 JV	49.00
Operación Tranvía de Murcia JV	50.00
Sagunto Parcela M17-3 JV	50.00

## MANAGEMENT REPORT

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.  
AND SUBSIDIARIES  
at 31 December 2021**

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## 1. STATUS OF THE ENTITY

### 1.1. Status of the entity: Organisational structure and decision-making process in management

The Group's organisational structure is based on a first level consisting of Areas, which are divided into two main groups: operational and functional.

The operating Areas include all those activities related to the productive line. The following operating areas exist within the Group, as discussed in more detail in note 1 of the Notes to the consolidated financial statements, and also in section 2.2 of the Non-Financial Information Statement:

- i. **Environmental Services.**
- ii. **End-to-end Water Management.**
- iii. **Construction.**
- iv. **Cement Business.**
- v. **Concessions**
- vi. **Real Estate.**

Each of these operating Areas is headed by one or more specialised companies which, depending on FCC, encompass the Group's activities.

In addition, there are the functional Areas, which carry out support tasks for the operational ones:

- 1) **Administration and Finance:** the Administration and Finance Division comprises the Administration, Information Technologies, Finance, Communication, Purchasing and Human Resources areas.

The Administration area directs the administrative management of the Group, and has, among others, the following functions in relation to the Information and Internal Control Systems:

- i. General accounting.
- ii. Accounting standardisation.
- iii. Consolidation.
- iv. Tax advice.
- v. Tax procedures.
- vi. Tax compliance.
- vii. Administrative procedures.

- 2) **Internal Audit and Risk Management:** Its objective is to provide the Audit and Control Committee and Senior Management with an independent and objective opinion on the Group's ability to achieve its objectives through a systematic and methodological approach for the assessment, management and effectiveness of internal control and risk management processes, assessing the effectiveness and reasonableness of the internal control systems, as well as the functioning of processes according to the procedures, proposing improvements and providing methodological support to the Division in the process of identifying the main risks that affect activities and supervising the actions for their management.

- 3) **General Secretary:** reporting directly to the Group's CEO, its main duty is to support the management of the Group, as well as management support for the heads of the other areas of the Group, by providing the services detailed in the corresponding sections of the divisions and departments that make up the Group, which are promoted and supervised by the General Secretary.

It is made up of the following areas: Legal Advice Department, Quality Management, Corporate Security and General Services and Corporate Responsibility.

The Areas, on a second level, can be divided into Sectors, the operational ones, and Divisions, the functional ones, establishing areas that allow greater specialisation when considered necessary.

The structure of the main decision-making bodies is set out below:

- **Board of Directors:** is the body that holds the broadest powers, without any limitation, except those that are expressly reserved, by the Spanish Corporate Enterprises Act or the Articles of Association, for the jurisdiction of the General Shareholders' Meeting.
- **Audit And Control Committee:** its main function is to support the Board of Directors in its supervisory duties by periodically reviewing the process for preparing economic and financial information, its internal controls and the independence of the external auditor.
- **Appointments and Remuneration Committee:** supports the Board of Directors in relation to proposals for the appointment, re-election, ratification and removal of Directors, establishes and controls the policy for the remuneration of the company's Directors and senior managers and the fulfilment of their duties by Directors, particularly in relation to situations of conflict of interest and related-party transactions.
- **Managing Committee:** Each of the business units has a Managing Committee with similar duties.

Further information on the duties of the Group's decision-making bodies is provided in Section 1 of the Internal Financial Reporting Control System (IFRS) and in Section 2.1 of the Non-Financial Information Statement.

## 1.2. Status of the entity: Business model and company strategy

The Group is one of the leading European groups specialising in environment, water, development and infrastructure management with a presence in more than 30 countries around the world and with 41.1% of its turnover generated in international markets, mainly Europe (30.1%), the Middle East (2.8%), Latin America (3.98%), North Africa (2%), and the United States. (1.8%).

### Environmental Services

The Environmental Services Area has a strong presence in Spain, having maintained a leadership position in the provision of urban environmental services for over 120 years.

At the national level, the Group provides environmental services in more than 3,500 municipalities and organisations in all the Autonomous Communities, serving a population of more than 31 million inhabitants. Waste collection and street cleaning are two of the most important services

in this sector, representing 48% of revenue. They are followed, in order of importance, by disposal of wastes with 33%, cleaning and maintenance of buildings, parks and gardens and, to a lesser extent, sewage. In terms of client types, more than 86% of the activity is carried out with public clients.

The limited impact of the COVID-19 pandemic, with most of the services provided being so-called "essential", has practically disappeared in 2021, returning to normal levels of activity. The Group is still engaged in a complex process whose ultimate goal is to replace the linear production model with a circular model that reincorporates waste materials into the production process, relying on its high level of know-how and the development of new innovative technologies.

Moreover, international business is mainly conducted in the United Kingdom, Central Europe and the USA. For years, the Group has held a leading position in the United Kingdom and Central European markets in the integrated management of municipal solid wastes, as well as in the provision of a wide range of environmental services. The various services provided in this sector include treatment and recycling, disposal, waste collection and the generation of renewable energy. With a growing emphasis on treatment, recycling and renewable energy generation activities and a gradual reduction of disposal in controlled landfills.

In Central and Eastern Europe, the Group provides services in seven countries (Austria, Czech Republic, Slovakia, Poland, Hungary, Romania and Serbia) to a total population of 4.3 million inhabitants, 1,401 municipalities and more than 51,600 industrial customers. The range of services provided and the geographical dispersion is very diverse and balanced, including municipal and industrial collection, mechanical and biological treatment, incineration, landfill, street cleaning, snow collection, recycling, outsourcing, building cleaning, soil decontamination work, etc. This broad diversification ensures great business stability and is one of the reasons why the economic impact of COVID has been irrelevant. The significant increase in recycling prices during 2021 (with revenues representing around 13% of total revenues) has led to significant improvements in profitability in absolute and relative terms.

The Environmental Services Area also specialises in the end-to-end management of industrial and commercial waste, recovery of by-products and soil decontamination, through the FCC *Ámbito* brand, which encompasses a group of companies with an extensive network of management and recovery facilities. This enables proper waste management, ensuring the protection of the environment and people's health. This activity accounted for more than 4% of all activity in 2021.

Internationally, growth in the US stands out, where sales growth in 2021 compared to the previous year was 49% and is expected to be even higher by 2022, the pandemic has not affected the strong growth rate in the slightest. FCC now ranks among the Top 15 companies in the sector in the USA, with expectations of being in the Top 10 in the next two years. FCC Environmental Services already serves more than 8.5 million Americans, is the largest recycler in Texas, and has a very important presence in Florida in cities as important as Orlando, Tampa, Palm Beach, Daytona Beach, Lakeland and Wellington. Growth continues to be exponential and the company now employs more than 1,000 people. The Wellington contract kicked off in the last month of 2021 and the Hillsborough County contract will also start in the first month of 2022, both in Florida, adding even more to FCC's leading position in that status.

In December 2021, the Group's first acquisition in the US market was completed with the purchase of Premier Waste Services, Llc. in Dallas (Texas). Premier is one of the leading commercial waste collection operators in the Dallas-Fort Worth metropolitan area, which will further enhance the Group's significant growth in the commercial collection market, which will already account for

more than 10% of revenues by 2022, as well as bring significant synergies to the Group's recycling facility in the Texas city.

As has been the case for years, the strategy in Spain will focus on maintaining competitiveness and a leading position, combining know-how and the development of innovative technologies, offering respectful, inclusive and sustainable services (combating climate change and reducing the carbon footprint). Additionally, the potential opportunities created by stricter regulation and new services (smart cities) will be exploited.

The incorporation of new technologies will enable the company to gain a foothold in the waste recycling and revaluation markets in Europe and to position itself as a key player in the circular economy. In the United States, the company will continue to consolidate its presence in the coming years by growing more residential contracts and boosting commercial collection activity.

In general, there is a broad commitment to climate change, materialised for example in the issuance of green bonds to finance the operation and acquisition of assets developed with the activity.

### **End-to-end Water Management**

FCC Aqualia serves nearly 30 million users and provides services in 17 countries, offering the market all the solutions to the needs of public and private entities and organisations in all phases of the end-to-end water cycle and for all uses: human, agricultural or industrial.

FCC Aqualia's activity is focused on Concessions and Services, encompassing distribution network concessions, BOT, operation and maintenance services and irrigation; as well as Technology and Networks activities encompassing EPC contracts and industrial water risk management activities.

In 2021 the market in Spain represents 70% of revenue. On a like-for-like basis, water consumption at the end user level (downstream water) has grown in Spain as a whole in 2021 by 0.25% and the amounts billed by 1.55% with respect to 2020. Compared to 2019, the last year prior to COVID-19, the average volume billed is still 0.8% lower, although in terms of tariff revenue the amounts are similar. This was despite the lower consumption levels for the year as a whole than during the pandemic: 10.1% in the Canary Islands, 6.7% in the Balearic Islands and 2.0% in the province of Cadiz, which we estimate will gradually recover in 2022. The reduction in the volume of consumption has been partially offset by an improvement in Operation and Maintenance (O&M) activities, efficiency improvements in operations and a higher volume of execution of various works linked to concession contracts.

In the public sector, there is still a low level of tendering for water infrastructure concessions, despite which 2021 can be considered a successful exercise. We have been awarded new contracts, and renewals and extensions of existing contracts, in 354 municipalities, with a contracted portfolio volume of over €873 million. The contract renewal loyalty rate remains at very high levels (above 90%) in the municipalities in which it operates. In addition, Aqualia has worked hard to expand its presence in the O&M and facilities market (WWTP, DWTP, desalination and network management).

The international market reached a turnover of 30%. FCC Aqualia focuses its activity in Europe, North Africa, the Middle East and the Americas, with ongoing contracts in 16 countries at present.

The year 2021 also presented an operational challenge for Aqualia throughout Europe due to the impact of COVID-19 on end-to-end water cycle management. 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, work was carried out to integrate the new business in France

FCC Aqualia seeks to maintain its competitive position in those end-to-end water management markets where it has an established presence (Europe) and to take advantage of the opportunities that arise in this activity. In other expanding markets, it plans to boost growth via BOT and O&M (North Africa, Latin America and the Middle East), along with end-to-end cycle management, while the study of possibilities in others (such as the USA) will continue. In addition, FCC Aqualia will use its extensive experience in end-to-end water cycle management for business opportunities in countries with a stable political and social balance.

### **Construction**

The Construction Area focuses its activity on the design, development and construction of large civil, industrial and building infrastructure projects. The presence in public works of complex elements such as railways, tunnels and bridges stands out, which together with those involving installation and industrial maintenance, form a large part of the activity.

Its teams have the experience, technical training and innovation to participate in the entire project value chain, from the definition and design, to its complete execution and subsequent operation.

In 2021, 47% of total revenues will come from abroad, including the execution of major infrastructure projects such as lines 4, 5 and 6 of the Riyadh Metro, Haren Penitentiary Centre (Belgium), Tren Maya (Mexico), A-465 (Wales), Lima Metro (Peru), Toyo Tunnel (Colombia), Mapocho River Park (Chile), A-9 Badhoevedorp-Holendrecht motorway (Netherlands), and the Gurasada-Simeria railway line (Romania) - Sectors 2a, 2b and 3.

In 2021, the contract for the construction of the "Industrial Bridge" in Chile, with a budget of approximately €125.6 million, was awarded.

### **Cement**

The Group carries out its cement activity through the Cementos Portland Valderrivas group. Its core business is cement manufacturing, which accounted for 91% of its Group turnover in 2021. The remaining percentage was contributed by the concrete, mortar and aggregate businesses.

In terms of geographical diversification, by 2021, 39% of income came from international markets. The Cementos Portland Valderrivas Group is present in Spain, Tunisia and the United Kingdom. Exports from these three countries also go to Africa, Europe and America.

The Cementos Portland Valderrivas Group has a leading position both in its main market, Spain, and in the Tunisian market.

The main objective of the Cementos Portland Valderrivas Group is to maintain competitive tension both in terms of costs and in the markets in which it operates, trying to remain a reference in the sector in all the countries in which it is present.

### **Real Estate**



After October 2021, Real Estate becomes a relevant area of the Group, following the corporate transactions described below.

The Group is present in the real estate sector, mainly in housing development and office rental through the company FCyC, SLU ("FCC Inmobiliaria") of which it controls 80.03%, a company that holds 50.35% of Realia Business S.A., after the acquisition of 13.12% of the same in 2021, taking control and proceeding to its full consolidation from 1 November 2021. Likewise, in November 2021, FCyC incorporated, through a non-monetary contribution, 100% of the company Jezzine Uno, S.L.U., the purpose of which is to lease properties to Caixabank distributed in Spain, under a framework lease agreement with a term until 2037. Finally, in December 2021, Realia acquired 37.11% of Hermanos Revilla, S.A., reaching 87.86% of its share capital. These operations have increased the size of FCC Inmobiliaria with the following objectives:

- Consolidate a solid, large-scale real estate group, with greater management efficiency derived from operational and financial synergies that will enable it to take advantage of growth opportunities in the sector.
- Diversify FCC Inmobiliaria's risk and geographic opportunities by extending its activity to new areas of operations in which it was not already present.
- Significant increase in the contribution of Realia's and Jezzine's recurring rental property activity to FCC Inmobiliaria as a whole, whose asset assessments at December 2021 accounted for more than [70%] of the area's total.

## 2. BUSINESS PERFORMANCE AND RESULTS

### 2.1. Operating performance

#### 2.1.1. 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 13.12% 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 Soinmob, a subsidiary of CEC. As a result of this operation, control of FCC Inmobiliaria is retained, with 80.03% of the capital of the head subsidiary company of the strengthened Real Estate area of the FCC Group, leading to significant strengthening of its competitive position, operating synergies, and presence in the rental property business.

Subsequently, last December, Realia, through Realia Patrimonio, acquired 37.11% of its subsidiary company Hermanos Revilla, S.A. for a price of €189 million. After this purchase, the Realia Group's direct and indirect stake in the company rose to 87.76% of its share capital, and it now controls 100% of the company.

##### **FCC Aqualia agrees to purchase 80% of GGU's water business for USD 180 million**

Last December FCC Aqualia agreed to acquire 80% of the water business of Georgia Global Utilities (GGU) for USD 180 million. The purchase process with GGU, the proprietor of water utility and power generation assets, will be carried out in two phases: (i) a first phase, which has been

completed, where FCC Aqualia has acquired 65% of the current GGU, which includes water and renewable energy assets, for a price of USD 180 million. (ii) a second phase, in which GGU will spin off the renewable energy assets, leaving in the perimeter of GGU only the water assets (with four hydroelectric plants associated with the water cycle), with FCC Aqualia then holding 80% of GGU and its former sole shareholder holding the remaining 20%.

### **FCC Medio Ambiente expands its presence in the USA and Central Europe**

Last December, FCC Environmental Services made its first acquisition in the USA with the purchase of Premier Waste Services in Dallas (Texas), a company specialising in tertiary waste collection in that area, for USD 34 million. This operation enhances the service offering and increases operational efficiency in the existing collection and treatment activities in the state of Texas. In addition, the city of Wellington (Florida) awarded the municipal solid waste collection service for ten years (with a possible extension for another five years), with a portfolio of more than €110 million. This was in addition to the residential and commercial solid waste collection contract in Hillsborough County, also in Florida, awarded for eight years (with a possible extension for four years) with a portfolio of €230 million.

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.

### **FCC Aqualia is awarded three contracts in France**

Last November, FCC Aqualia, through its subsidiary SEFO, was awarded the water supply management of 16 municipalities around Mantes-la-Ville in the Yvelines department located in the Île-de-France region, very close to Paris. This award consists of the concession of the drinking water supply for a period of six years for around €30 million. As a result, the portfolio of future revenues of the end-to-end water management area exceeds €15,000 million, an increase of 2.2% at the end of the business year.

### **FCC Medio Ambiente increases its contracting and boosts its backlog by 17% in the business year**

The volume of future revenues secured by the FCC Medio Ambiente area grew by 17% at year-end, after increasing revenues by 12.4% in the year, thanks to the incorporation of important contracts in Spain and, to a lesser extent, those mentioned previously in the USA. Among others, the contract for street collection in Barcelona stands out, and in the fourth quarter the awarding of two street cleaning contracts in Madrid, as well as another two for the end-to-end management of green areas and two for the maintenance of urban furniture. This group of contracts contributed a combined contract amount of €1,585 million for the year.

Lastly, in terms of treatment and recycling activity, the joint venture led by FCC Medio Ambiente won the contract for the design, development, and operation of the Valladolid Household Waste Treatment and Disposal Centre. It has a duration of 11 years and a portfolio of more than €110 million. Also in the recovery activity, the new contract for the selective collection and temporary storage of glass packaging waste for ECOVIDRIO in various regions of Spain, with a portfolio of €13.5 million and a duration of 8 years, stands out.

## 2.1.2. Executive Summary

KEY FIGURES			
<i>(Millions of euros)</i>	Dec. 21	Dec. 20	Chg. (%)
Net turnover (NT)	6,659.3	6,158.0	8.1%
Gross Operating Profit (EBITDA)	1,126.6	1,047.5	7.6%
<i>EBITDA Margin</i>	16.9%	17.0%	-0.1 p.p
Net Operating Profit (EBIT)	802.2	572.7	40.1%
<i>EBIT Margin</i>	12.0%	9.3%	2.7 p.p
Income attributable to the parent company	580.1	262.2	121.2%
Equity	4,440.7	2,908.7	52.7%
Net financial debt	3,225.7	2,797.8	15.3%
Backlog	30,196.9	29,411.7	2.7%

In the 2021 business year, the FCC Group increased its revenues to €6,659.3 million, 8.1% higher than in 2020. It is worth highlighting the positive development of most of the business activities, which equalled or exceeded the revenue levels recorded in 2019 (prior to the pandemic), with a notable contribution by the Environment area with a 12.4% increase.

Gross operating profit (EBITDA) grew 7.6%, to reach €1,126.6 million. This can be explained by a number of factors. Operating margins rose in most business areas, particularly in Construction. Cement was impacted by high CO<sub>2</sub> sales in 2020, €51.1 million more than in 2021 and, lastly, the effects of consolidation, with the exit of the concession subgroup Cedinsa from April 2021, in contrast to the entry into full consolidation, in the Real Estate area, of Realia and Jezzine, from 1 November last year. Adjusted for the impact of CO<sub>2</sub> and changes in the scope of consolidation, EBITDA grew 17.9% in the business year.

Operating profit (Ebit) includes the described development of Ebitda together with the accounting impact of Realia's full consolidation, by raising the previous level of recorded value of its rental property assets by €241.7 million. This is mitigated by the adjustment of €136.0 million in the value of property, plant and equipment and goodwill linked to various assets in the Cement area. This together allowed Ebit to increase by 40.1% in the business year.

Attributable net income reached €580.1 million, more than twice as much as last year's figures. This increase largely represents operational developments together with a positive performance of the financial result, which includes a reduction in net financial expenses of €43.5 million in the year together with a positive impact of €24.5 million from exchange differences recorded, compared to a negative contribution of €51.3 million in 2020.

Net financial debt amounted to €3,225.7 million at the end of the business year, €427.9 million more than in 2020. This increase is due to the consolidation of the financing of Realia's and Jezzine's rental assets in the Real Estate area, with a combined amount of €889.7 million at year-end. Meanwhile, the performance of all the operating and investment activities accounts for the rest of the financial debt amount.

Equity rose considerably at year-end, with a figure of €4,440.7 million, 52.7% higher than at the end of 2020, explained by the substantial increase achieved by the net profit for the year and the effect of the full consolidation of Realía and Jezzine.

The FCC Group's revenues stood at €30,196.9 million as at 31 December 2021, up 2.7% on the balance at year-end 2020, with the new contracts of the Environmental area being a particular highlight.

### 2.1.3. Summary by Business area

Area	Dec. 21	Dec. 20	Chg. (%)	% of 2021 total	% of 2020 total
<b>REVENUE BY BUSINESS AREA</b>					
Environment	3,244.9	2,888.2	12.4%	48.7%	46.9%
Water	1,169.5	1,188.3	-1.6%	17.6%	19.3%
Construction	1,659.6	1,611.0	3.0%	24.9%	26.2%
Cement	433.8	382.6	13.4%	6.5%	6.2%
Real Estate*	147.9	34.8	N/A	2.2%	0.6%
Corporate serv. and others	3.6	53.1	-93.2%	0.1%	0.9%
<b>Total</b>	<b>6,659.3</b>	<b>6,158.0</b>	<b>8.1%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>REVENUE BY GEOGRAPHICAL AREA</b>					
Spain	3,943.8	3,672.3	7.4%	59.2%	59.6%
United Kingdom	855.6	668.6	28.0%	12.8%	10.9%
Rest of Europe and Others	811.5	803.0	1.1%	12.2%	13.0%
Latin America and the USA	376.0	261.5	43.8%	5.6%	4.2%
Czech Republic	346.6	285.2	21.5%	5.2%	4.6%
Middle East & Africa	325.8	467.4	-30.3%	4.9%	7.6%
<b>Total</b>	<b>6,659.3</b>	<b>6,158.0</b>	<b>8.1%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>EBITDA**</b>					
Environment	535.1	450.9	18.7%	47.5%	43.0%
Water	298.9	282.9	5.7%	26.5%	27.0%
Construction	102.6	53.6	91.5%	9.1%	5.1%
Cement	76.1	139.9	-45.6%	6.8%	13.4%
Real Estate*	40.0	-3.8	N/A	3.6%	-0.4%
Corporate serv. and others	73.9	124.0	-40.4%	6.6%	11.8%
<b>Total</b>	<b>1,126.6</b>	<b>1,047.5</b>	<b>7.6%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>OPERATING PROFIT/(LOSS)</b>					
Environment	285.4	215.7	32.3%	35.6%	37.7%
Water	181.3	167.4	8.3%	22.6%	29.2%
Construction	71.1	20.9	N/A	8.9%	3.6%
Cement	(90.3)	106.8	-184.6%	-11.3%	18.6%
Real Estate*	298.3	(3.8)	N/A	37.2%	-0.7%
Corporate serv. and others	56.4	65.7	-14.2%	7.0%	11.5%
<b>Total</b>	<b>802.2</b>	<b>572.7</b>	<b>40.1%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>NET FINANCIAL DEBT**</b>					
Corporate					
With recourse	(326.0)	101.6	N/A	-10.1%	3.6%
Without recourse	0.5	14.7	-96.6%	0.0%	0.5%
Areas					
Environment	1,289.7	1,330.2	-3.0%	40.0%	47.5%
Water	1,247.6	1,177.6	5.9%	38.7%	42.1%
Cement	124.4	173.7	-28.4%	3.9%	6.2%
Real Estate*	889.7	0.0	N/A	27.6%	0.0%
<b>Total</b>	<b>3,225.7</b>	<b>2,797.8</b>	<b>15.3%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>BACKLOG**</b>					
Environment	10,746.4	9,184.3	17.0%	35.6%	31.2%
Water	15,361.1	15,025.9	2.2%	50.9%	51.1%
Construction	3,981.3	5,155.8	-22.8%	13.2%	17.5%

Real Estate*	108.1	45.7	N/A	0.4%	0.2%
<b>Total</b>	<b>30,196.9</b>	<b>29,411.7</b>	<b>2.7%</b>	<b>100.0%</b>	<b>100.0%</b>

\*Real Estate presents its consolidated key figures for both business years separately.

## 2.1.4. Income Statement

<i>(Millions of euros)</i>	<b>Dec. 21</b>	<b>Dec. 20</b>	<b>Chg. (%)</b>
<b>Net turnover (NT)</b>	<b>6,659.3</b>	<b>6,158.0</b>	<b>8.1%</b>
<b>Gross Operating Profit (EBITDA)</b>	<b>1,126.6</b>	<b>1,047.5</b>	<b>7.6%</b>
<i>EBITDA Margin</i>	<b>16.9%</b>	<b>17.0%</b>	<b>-0.1 p.p</b>
Provision for amortisation of fixed and non-current assets	(452.3)	(488.9)	-7.5%
Other operating income	127.9	14.1	N/A
<b>Net Operating Profit (EBIT)</b>	<b>802.2</b>	<b>572.7</b>	<b>40.1%</b>
<i>EBIT margin</i>	<b>12.0%</b>	<b>9.3%</b>	<b>2.7 p.p</b>
Financial income	(110.5)	(154.0)	-28.2%
Miscellaneous financial results	57.5	(51.1)	N/A
P/L Entities accounted for using the equity method	58.2	62.1	-6.3%
<b>Profit/(loss) before tax from continuing activities</b>	<b>807.5</b>	<b>429.9</b>	<b>87.8%</b>
Company tax on profits	(130.2)	(86.3)	50.9%
<b>Income from continuing operations</b>	<b>677.3</b>	<b>343.6</b>	<b>97.1%</b>
<b>Net Income</b>	<b>677.3</b>	<b>343.6</b>	<b>97.1%</b>
Non-controlling interests	(97.1)	(81.4)	19.3%
<b>Income attributable to the parent company</b>	<b>580.1</b>	<b>262.2</b>	<b>121.2%</b>

### 2.1.4.1. Net Revenue

Consolidated revenues grew to €6,659.3 million in the business year, up 8.1% on the previous year. The development reflects the gradual strengthening of the recovery of the different activities after the distortions and impacts caused by the healthcare crisis in 2020. The strength and competitive position of the business areas has therefore enabled the revenue levels recorded in 2019 to be surpassed by over 6%.

By business area, Environment recorded an increase of 12.4%, thanks to the general recovery in its various operating platforms, mainly due to the combination of the entry into service of new treatment contracts and street cleaning activity in Spain and collection in the USA, together with the increase in revenues in Central Europe and the UK, especially linked to waste treatment and recovery activities.

Revenues in the Water area declined by 1.6%, but this was entirely due to the lower contribution expected in the year from the Technology and Networks business, due to the entry into the completion phase of some one-off international projects. Moreover, the main concessions activity maintained a sustained increase of 3.6%, while the area's revenues grew by 3.1% during the period without a reduction in T&N.

In Construction, revenues were 3% higher than in 2020, with a significant increase in Europe (mainly the UK and the Netherlands), together with various contracts in different Latin American countries, which was mitigated by other contracts that were completed or nearing completion, especially in the Middle East, including Saudi Arabia.

In the Cement area, revenues had double-digit growth of 13.4% for the year, due both to the increase in sales in Spain and the rise in exports, which was more pronounced in the first half of the year.

The Real Estate area, which is presented separately, experienced a notable increase in revenues to €147.9 million, compared to €34.8 million in the previous year. This is due both to the entry into full consolidation of Realia and Jezzine since last November, and to the increase in revenues from the development and sale of properties. Without this consolidation, revenues for the year would have risen significantly to €102.4 million.

Revenue breakdown by geographical area			
(Millions of euros)	Dec. 21	Dec. 20	Chg. (%)
Spain	3,943.8	3,672.3	7.4%
United Kingdom	855.6	668.6	28.0%
Rest of Europe and Others	811.5	803.0	1.1%
Latin America and the USA	376.0	261.5	43.8%
Czech Republic	346.6	285.2	21.5%
Middle East & Africa	325.8	467.4	-30.3%
<b>Total</b>	<b>6,659.3</b>	<b>6,158.0</b>	<b>8.1%</b>

In terms of the geographical areas, *Spain's* contribution stood at 59.2% of revenues, totalling €3,943.8 million, an increase of 7.4%. With regards to the different areas of activity, the Environmental area's revenues rose by 7.1% due to the increase in all main activities of the waste management chain, especially collection and street cleaning. The Water area's revenues rose by 3.8%, due to a progressive recovery in the volumes invoiced in end-to-end cycle concessions and water network actions. The Construction area's revenues increased by 4.3%, 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 2020; there was more prominent growth in the first half of the year, with revenues up by 10.5%. The Real Estate activity, which is concentrated entirely in Spain, has seen its revenues increase substantially (by €113.1 million), due both to the aforementioned integration of the Realia and Jezzine groups within its parent company, FCC Inmobiliaria, and to its increased activity in the sale of properties this business year. Lastly, it is worth mentioning that the Concessions area (included in the *Corporate Services and Others heading*, after completing the sale of some of its most significant concessions at the end of March 2021) reduces its contribution to only the first quarter of this business year, with €52.7 million in revenues this year, compared to €121.5 million the previous business year.

Moreover, revenues in the *United Kingdom* were up by 28% to €855.6 million, largely due to the recovery of the municipal waste treatment plant activity and the start of several contracts of the Construction area.

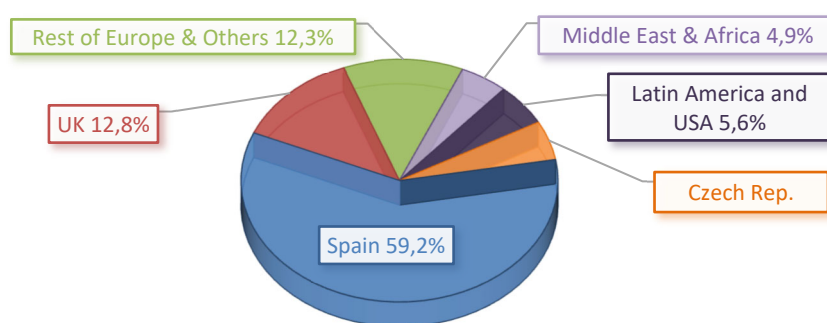
In the EU area, a 1.1% increase was recorded in the area of *Rest of Europe and Others*, amounting to €811.5 million. This is largely due to an increase in revenues linked to treatment activity in Central Europe. In Construction, the level of activity increased, thanks to a higher contribution, especially in the Netherlands, which compensated for the completion and progress of other projects (Ireland and Romania).

Developments in the *Czech Republic*, which is of particular relative importance within the EU, increased substantially by 21.5% to €346.6 million, with a larger increase in waste management services in the Environment area and a more moderate increase in the end-to-end water cycle activity in the Water area.

Revenues in *Latin America and the USA* increased significantly by 43.8% to €376 million, largely due to the faster pace of project performance in the Construction area, especially in Mexico, Chile, and Colombia. In the USA, revenues concentrated in the Environment area in municipal waste collection services such as recycling increased significantly (38.2%), thanks to a new contract coming into force in Nebraska and other contracts in Florida for municipal waste collection and green space services.

Lastly, in the Middle East and Africa, activity fell by 30.3%, due to the very high level of progress and reduced contribution from some very significant contracts in Saudi Arabia in the Construction area and for the same reason, although with less of an impact, in the Water area, especially due to the termination of a Technology and Networks activity contract on the north coast of Egypt.

**% revenue by geographical area**



#### 2.1.4.2. Gross Operating Profit (EBITDA)

The Gross Operating Profit for the business year amounted to €1,126.6 million, an increase of 7.6% compared to the previous year. It should be noted that this amount represents a 16.9% margin over income, almost identical to the 17.0% achieved in 2020, but with three significant key components: (i) the sale of a large amount of CO2 rights in the cement area in 2020, with a lower contribution of €51.1 million this year, (ii) the deconsolidation, by sale, of certain transport concession assets at 31 March 2021, which has led to a lower contribution of €55.1 million and (iii) the entry into consolidation of the Realial and Jezzine group assets from 1 November 2021,



with a contribution of €16.7 million in the business year. Adjusted for these three components, those exceptional in nature and the change in scope, EBITDA in 2021 would have grown by 17.9%. Similarly, with both business years being adjusted for the aforementioned effects, the gross operating margin would have increased significantly to 16.8% in 2021 compared to 15.3% in the previous year.

By business area, the most noteworthy developments have been:

The Environment area reached €535.1 million, a 18.7% increase, which is higher than the revenues distributed across all activities of the value chain. The operating margin was 16.5%, compared to 15.6% the previous business year, thanks to the impact of higher treatment/recycling activity volumes and the increase in related prices, in particular, in the UK and Central Europe.

The Water area reported €298.9 million, up by 5.7% 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. The margin therefore grew to 25.6% compared to 23.8% in 2020.

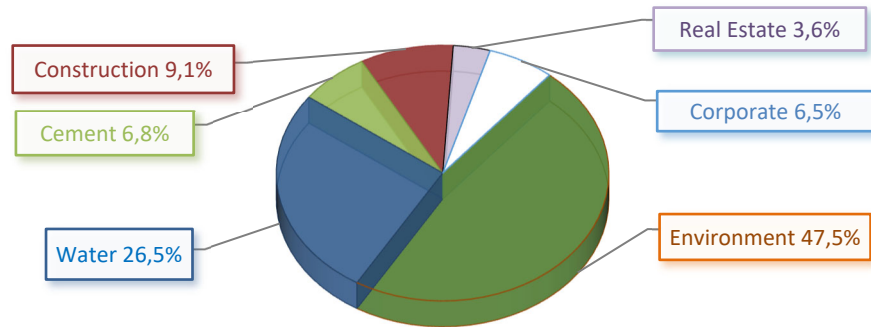
Moreover, the Construction area reported €102.6 million, a significant increase of 91.5% when compared to 2020, in line with the scheduled projects and with a substantial improvement in the recovery of the development pace compared to the downtime in 2020 and concentrated in the first half of the last business year in international projects. This allowed operating profit to increase to 6.2% compared to 3.3% in the previous year.

In the Cement area, it reached €76.1 million, a substantial reduction of 45.6% compared to €139.9 million in the previous year. This mainly reflects the aforementioned effect of lower revenues from CO2 sales of €51.1 million this year, together with a more moderate increase in demand in the local and export markets in the second half of the year and increases in energy prices in the same period.

Real Estate activity recorded a notable increase to €40 million, compared to a negative figure of €3.8 million in 2020, due to the contribution of Realia and Jezzine (€16.7 million) since last November, as well as the higher profitability generated by the sale of properties by the head of the area, FCC Inmobiliaria.

It should be noted that the Corporate Services and Others heading includes the Infrastructure Concessions activity, to which the Cedinsa subgroup's activity contributed until the end of the first quarter of this business year.

**% EBITDA by Business Area**



The performance of the utilities areas of Environment and Water maintained their high contribution to operating profit of 74% for the year as a whole

**2.1.4.3. Net Operating Profit (EBIT)**

Net operating profit amounted to €802.2 million, 40.1% more than in the previous year. This increase reflects, in addition to the changes in gross operating profit, two other significant factors in Other Operating Income/(Losses), namely: (i) the accounting impact of the full consolidation of Realia, by raising the previously recorded level of the value of its rental real estate assets, with a positive result of €241.7 million and (ii) the negative adjustment of €136 million in the value of property, plant and equipment and goodwill in the Cement area.

**2.1.4.4. Earnings before Taxes (EBT) from continuing operations**

Profit before tax from continuing operations amounted to €807.5 million, up significantly from €429.9 million in 2020. This was due to the combined good performance of operating activities and a positive impact from financial results.

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

**2.1.4.4.1. Financial income**

The net financial result amounted to €-110.5 million, compared to €-154 million the previous year, a reduction of 28.2%. This reflects the effect of the contraction in the average volume of financial debt recorded during the year, as well as reduction in its cost, and the elimination of the sale of collection rights without recourse.

**2.1.4.4.2. Miscellaneous financial results**

This heading, which has no impact on cash flow, amounted to €57.5 million during the business year, compared to €-51.1 million last year. This is mainly due to the differential behaviour of the exchange rate of certain currencies, representing a positive impact of €24.5 million this year, compared to the negative impact of €51.3 million during the same period of 2020. A positive effect of €26.6 million is added to this, resulting from the sale of various concession and Construction area investees.

#### 2.1.4.4.3. Profit/(loss) of equity-accounted investees

The contribution from investee companies amounted to €58.2 million, similar to figure from the previous business year of €62.1 million. In addition to the increase in the contribution from various investees in the different operating areas of the business, this slight reduction was the result of a contrasting number of factors compared to the previous year, the most significant of which were on the positive side of the balance sheet: (i) the 45 million euro profit from the sale of most of the energy assets in which the Group has an interest, which includes both the gain up to the time of sale and the gain on disposal, (ii) the 17.6 million euro effect of the closing of the sale of the Ceal 9 and Urbicsa transport concessions and, also, (iii) the 46.7 million euro adjustment for the acquisition of control of Realia and its change of consolidation from the equity method to the full consolidation method.

#### 2.1.4.5. Income attributable to the parent company

Attributable net income for the business year 2021 amounts to 580.1 million euros, a significant increase compared to 262.2 million euros in the previous business year. This performance is down to the increase in pre-tax profit described above. A corporation tax expense of 130.2 million euros was also recorded, in line with the pre-tax profit obtained, together with profit attributable to non-controlling interests of 97.1 million euros, compared to 81.4 million euros in the previous year, reflecting the increase in the Group's consolidated profit attributable to those interests, mainly in the Water area and to a lesser extent in the Real Estate area

#### 2.1.4.6. 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

	Dec. 21	Dec. 20	Chg. (%)
<b>Net turnover (NT)</b>	<b>6,475.4</b>	<b>6,132.6</b>	<b>5.6%</b>
<b>Gross Operating Profit (EBITDA)</b>	<b>1,066.0</b>	<b>1,032.7</b>	<b>3.2%</b>
<i>EBITDA Margin</i>	<i>16.5%</i>	<i>16.8%</i>	<i>-0.4 p.p</i>
<b>Net Operating Profit (EBIT)</b>	<b>775.9</b>	<b>567.7</b>	<b>36.7%</b>
<i>EBIT margin</i>	<i>12.0%</i>	<i>9.3%</i>	<i>2.7 p.p</i>
<b>Income attributable to the parent company</b>	<b>580.1</b>	<b>262.2</b>	<b>121.2%</b>

#### 2.1.5. Balance Sheet

<i>(Millions of Euros)</i>	Dec. 21	Dec. 20	Chg. (€M)
Intangible fixed and non-current assets	2,445.2	2,437.9	7.3
Property, Plant and Equipment and Real Estate Investments	4,931.7	2,810.2	2,121.5
Equity-accounted affiliates	533.8	722.8	(189.0)
Non-current financial assets	604.0	580.9	23.1
Deferred tax assets and other non-current assets	559.2	578.7	(19.5)

<b>Non-current assets</b>	<b>9,074.1</b>	<b>7,130.4</b>	<b>1,943.7</b>
Non-current assets held for sale	0.0	1,392.3	(1,392.3)
Inventory	1,107.3	765.6	341.7
Trade and other receivables	2,340.9	2,095.6	245.3
Other current financial assets	184.4	228.7	(44.3)
Cash and cash equivalents	1,535.5	1,222.1	313.4
<b>Current assets</b>	<b>5,168.1</b>	<b>5,704.2</b>	<b>(536.1)</b>
<b>TOTAL ASSETS</b>	<b>14,242.2</b>	<b>12,834.6</b>	<b>1,407.6</b>
Equity attributable to shareholders of the parent company	3,007.1	2,288.3	718.8
Non-controlling interests	1,433.6	620.4	813.2
<b>Equity</b>	<b>4,440.7</b>	<b>2,908.7</b>	<b>1,532.0</b>
Subsidies	192.2	193.0	(0.8)
Non-current provisions	1,167.3	1,064.4	102.9
Long-term financial debt	3,294.3	3,543.3	(249.0)
Other non-current financial liabilities	438.7	434.0	4.7
Deferred tax liabilities and other non-current liabilities	473.4	296.7	176.7
<b>Non-current liabilities</b>	<b>5,565.9</b>	<b>5,531.3</b>	<b>34.6</b>
Liabilities relating to non-current assets held for sale	0.0	1,051.3	(1,051.3)
Current provisions	147.9	195.2	(47.3)
Short-term financial debt	1,651.2	705.2	946.0
Other current financial liabilities	169.0	169.2	(0.2)
Trade and other payables	2,267.5	2,273.7	(6.2)
<b>Current liabilities</b>	<b>4,235.6</b>	<b>4,394.6</b>	<b>(159.0)</b>
<b>TOTAL LIABILITIES</b>	<b>14,242.2</b>	<b>12,834.6</b>	<b>1,407.6</b>

#### 2.1.5.1. Property, plant and equipment and investment property

Property, plant and equipment and investment property at year-end amounted to €4,931.7 million, an increase of €2,121.5 million. This increase is largely due to the increase in real estate investments, with rental assets of €1,470.5 million acquired through the takeover of Realia and those of Jezzine, amounting to €600.4 million.

#### 2.1.5.2. Property, Plant and Equipment and Real Estate Investments

Property, Plant and Equipment and Real Estate Investments reached €4,931.7 million at the end of the year, with a €2,121.5 million increase. This increase is mainly explained by the increase in Real Estate investments, with €1,470.5 million from the rental assets incorporated after taking control of Realia, and the ones from Jezzine, amounting to €600.4 million.

#### 2.1.5.3. Investments accounted for using the equity method

The epigraph entitled investments accounted for using the equity method amounted to €533.8 million at the end of the year, with the following breakdown of the most significant investments in equity:

- 1) €108.3 million for the stake in companies in the Environment area (recycling and municipal services, mainly in Spain and the UK).
- 2) €83.8 million for the stakes held in various transport infrastructure and equipment concessions.
- 3) €38.7 million for stakes held in companies in the Water area, largely concessionary companies that manage services abroad (North Africa and Spain).
- 4) €42.0 million from the subsidiaries of the parent company in the Cement area.
- 5) €38.4 million from investee companies in the Real Estate area.

The reduction in the balance of this heading during the year is mainly due to the change in Realia's consolidation method, following its takeover in the last quarter of the year.

This epigraph also includes a further €222.6 million for the remaining investments in own funds for other participations together with loans granted to subsidiaries.

#### 2.1.5.4 Assets held for sale

This heading reduces its balance to zero compared to the €1,392.3 million recorded at the end of 2020. Its complete reduction is due to the disposal of certain infrastructure concessions located in Spain, following their sale at the end of the first quarter of the business year.

#### 2.1.5.5. Cash and cash equivalents

The balance of the Cash and cash equivalents heading amounts to €1,535.5 million at the end of the business year, €313.4 million more than the figure at the end of last year, distributed as follows:

- 1) In the perimeter with recourse, cash and equivalents totalled €414.8 million.
- 2) In the perimeter without recourse, cash and equivalents amounted to €1,120.7 million.

### 2.1.5.6 Equity

Equity at the end of the period amounted to €4,440.7 million, compared to €2,908.7 million at the end of 2020. The notable increase of 52.7% is mainly due to the contribution of the net profit achieved in the period of €677.3 million and the effect of the increase in non-controlling interests due to the full consolidation of Realia.

### 2.1.5.7. Financial Debt

<i>(Millions of euros)</i>	<b>Dec. 21</b>	<b>Dec. 20</b>	<b>Chg. (€M)</b>
Bank borrowings	1,742.6	820.0	922.6
Debt instruments and other loans	3,031.5	3,230.3	(198.8)
Payables due to financial leases	37.3	50.2	(12.9)
Other financial liabilities	134.1	148.0	(13.9)
<b>Gross Financial Debt</b>	<b>4,945.5</b>	<b>4,248.5</b>	<b>697.0</b>
Treasury and other current financial assets	(1,719.8)	(1,450.7)	(269.1)
<b>Net Financial Debt</b>	<b>3,225.7</b>	<b>2,797.8</b>	<b>427.9</b>
<i>Net financial debt with recourse</i>	<i>(326.0)</i>	<i>101.6</i>	<i>(427.6)</i>
<i>Net financial debt without recourse</i>	<i>3,551.7</i>	<i>2,696.2</i>	<i>855.5</i>

At year-end, gross financial debt increased by 16.4% to €697 million.

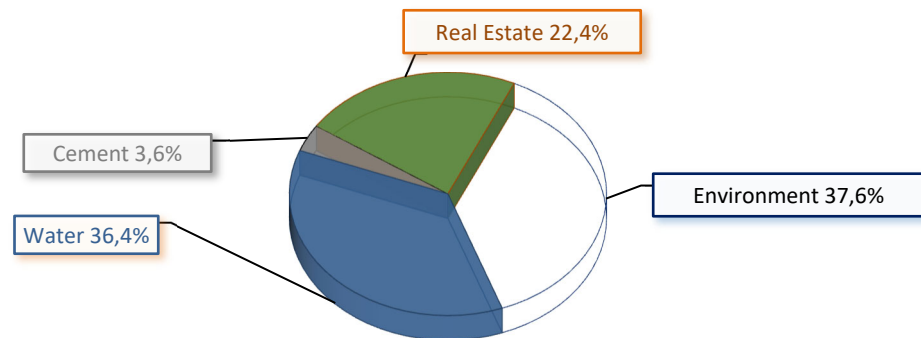
This increase is largely due to the entry into consolidation in the fourth quarter of the Realia Group and Jezzine in the Real Estate area, with an overall balance of €966.6 million at the end of the year.

Regarding its temporary structure, it should be noted that 33.4% has a short-term maturity, worth €1,651.2 million. Most of this corresponds to the principal amount of the bonds issued for €700 million by the head of the Water Area and another €217.2 million by its subsidiary in the Czech Republic, maturing in June and July 2022, respectively. Another 210.5 million of short-term debt corresponds to marketable securities, largely commercial paper issued on the Irish Stock Exchange by the Group's parent company and that of the Environment area.

The balance of net financial debt increased by 15.3% in the period to €3,225.7 million. This is largely explained by the aforementioned increase in the Real Estate area, which generated a balance of €889.7 million at year-end. This effect was mitigated by the greater contribution of cash generated by the Group's operations, which includes the effect of the reduction of €109.1 million in non-recourse credit assignments in the year, mainly in the Water area, which meant their complete elimination at the end of the first half of the year for the consolidated Group as a whole.

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") and in the recurrent activity of rental property in Real Estate. As a result, the Group's parent company had a net cash position of €326.0 million at the end of the year.

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



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

(i) The Water area accounts for €1,247.6 million, of which, in addition to the financing of corporate bonds at the parent company, another €203.2 million correspond to the business in the Czech Republic and the rest to various concessions of the end-to-end water cycle; (ii) the Environment area accounts for €1,289.7 million, most of which corresponds to long-term bonds issued at the end of 2019 by the area's parent company, another €143.9 million to the activity in the UK, and the rest mainly to the project financing of three waste treatment and recycling plants in Spain (iii) the Real Estate area has €889.7 million, concentrated in its rental property activity; (iv) the Cement area accounted for €124.4 million; (iv) and a remaining €0.5 million associated with the concessions activity.

**2.1.5.8. Other current and non-current financial liabilities**

The epigraph of other current and non-current financial liabilities totals €607.7 million at the end of the period. The balance mainly includes the item suppliers of fixed and non-current assets for operating leases, amounting to €395.5 million. 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.

### 2.1.6. Cash Flow

<i>(Millions of Euros)</i>	<b>Dec. 21</b>	<b>Dec. 20</b>	<b>Chg. (%)</b>
<b>Gross Operating Profit (EBITDA)</b>	<b>1,126.6</b>	<b>1,047.5</b>	<b>7.6%</b>
(Increase)/decrease in working capital	(167.9)	(302.1)	-44.4%
Corporation tax (paid)/received	(135.6)	(96.7)	40.2%
Other operating cash flow	(76.9)	(43.6)	76.4%
<b>Operating cash flow</b>	<b>746.2</b>	<b>605.1</b>	<b>23.3%</b>
Investment payments	(557.9)	(541.2)	3.1%
Divestment receipts	568.6	75.9	N/A
Other investing cash flows	182.4	63.8	185.9%
<b>Investing cash flow</b>	<b>193.1</b>	<b>(401.5)</b>	<b>-148.1%</b>
Interest paid	(99.1)	(151.4)	-34.5%
(Payment)/receipt of financial liabilities	(269.3)	(137.7)	95.6%
Other financing cash flow	(259.3)	150.7	N/A
<b>Financing cash flow</b>	<b>(627.7)</b>	<b>(138.4)</b>	<b>N/A</b>
<b>Exchange differences, change in consolidation scope, etc.</b>	<b>1.8</b>	<b>(61.5)</b>	<b>-102.9%</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>313.4</b>	<b>3.6</b>	<b>N/A</b>

#### 2.1.6.1. Operating cash flow

The operating cash flow generated in the year business amounted to €746.2 million, 23.3% more than in the previous year. It is noteworthy that this figure is obtained even though the current operating working capital was up €167.9 million, which includes in this year the elimination of the balance of non-recourse loan assignments for €109.1 million, most of them in the Water area, as was done in the Environment area in the previous year, with the common aim of optimising and reducing the Group's financial costs.

The heading collections/(payment) of corporation tax shows an outflow of €135.6 million compared to €96.7 million in 2020, a variation that is explained by the increase in net income during this business year and in line with the accounting basis affecting the accrual of taxes.

The heading other operating cash flow includes an outflow of €76.9 million compared to €43.6 million the previous business year, due to the application of provisions mainly in the Construction and Environment area.

#### 2.1.6.2. Investing cash flow

The investment cash flow represents a generation of €193.1 million euros compared to an application of €401.5 million in the previous business year.

The most significant item of this first period corresponds to earnings for transport concession divestment transactions, for a cash entry of 377.1 million euros, so proceeds from disposals amounted to 568.6 million euros, when compared to 75.9 million euros of the last business year. In addition, last July, 93 million euros were collected from the sale of various energy assets, together with others distributed among other areas, such as Construction and Real Estate, which added the remaining 98.5 million euros.



With regards to payments for investments totalling 557.9 million euros, these are similar to those during the last year. By business area, the Environment area's investments represented 299.4 million euros, highlighting the investment required for the construction and expansion of the Loeches and Campello treatment plants, for a combined amount of 42.8 million euros. In the UK, among the most significant investments is the one made in the progress of the development of the Lostock energy recovery plant for 28.6 million euros, as well as the investment of 30 million euros in the USA, out of a total of 69.6 million euros invested in the country, for the purchase of an urban waste collection company in the state of Texas last December.

In the Water area, payments for investments amounted to 107.1 million euros, of which 24.3 million euros are for new contracts, among which Mexico, Colombia, and Spain stand out, distributed among different concession contracts for the operation of hydraulic plants and the end-to-end cycle.

Lastly, included in the Real Estate heading is 83.9 million euros invested in the acquisition of an additional 13.12% of the Realia Group's capital by the parent company in the Real Estate area, FCC Inmobiliaria, which allowed it to gain control and full consolidation.

The breakdown of net investments by business area, excluding other cash flows from investment activities, in terms of payments and collections, is as follows:

<i>(Millions of Euros)</i>	<b>Dec. 21</b>	<b>Dec. 20</b>	<b>Chg. (€M)</b>
Environment	(291.8)	(283.1)	(8.7)
Water	(86.8)	(134.1)	47.3
Construction	0.5	(7.6)	8.1
Cement	(10.9)	(10.4)	(0.5)
Real Estate	(64.9)	0.0	(64.9)
Corporate serv. etc. & adjustments	464.6	(30.1)	494.7
<b>Net investments (Payments - Collections)</b>	<b>10.7</b>	<b>(465.3)</b>	<b>476.0</b>

Other investment flows amounted to 182.4 million euros, of which 116.4 million euros came from the Real Estate area, largely due to the entry of the balance of cash and cash equivalents from the consolidation of the Realia Group and Jezzine, as well as a further 36.9 million euros in Water from the cancellation and recovery of deposits and cash linked to various projects.

### 2.1.6.3. Financing cash flow

The consolidated cash flow from financing in the year represents an application of 627.7 million euros compared to 138.4 million euros in the previous business year. Interest payments amounted to 99.1 million euros, mainly in the Water and Environment areas, with a substantial reduction compared to the previous year, in line with the reduction in the average balance of financial debt this year.

The heading "Proceeds from/(payments on) financial liabilities" includes an application of the financing flows, with a net reduction worth 269.3 million euros in the business year, extending and increasing the 137.7 million euros recorded in the previous year. In addition, the heading other financing flows includes an application of 259.3 million euros, which essentially includes the payment of 189 million euros for the acquisition of non-controlling interests in companies in the

real estate area (Hnos. Revilla in Realia) and the payment of dividends to shareholders of the parent company and minority shareholders of the rest of the consolidated group for a total amount of 63.1 million euros.

#### 2.1.6.4 Change in cash and cash equivalents

As a result of the performance of the different cash flow components, the FCC Group's cash position increased by 313.4 million euros since December 2020, with a balance of 1,535.5 million euros at the close of the business year.

#### 2.1.7. Analysis by Business Areas

##### 2.1.7.1. Environment

The Environment division contributed 47.5% of the Group's EBITDA in the 2021 business year. Some 80.7% of its activity is focused on the provision of essential waste collection, treatment and disposal services, as well as street cleaning. The remaining 19.3% 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 UK, 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.

##### 2.1.7.1.1. Earnings

<i>(Millions of euros)</i>	<b>Dec. 21</b>	<b>Dec. 20</b>	<b>Chg. (%)</b>
Turnover	3,244.9	2,888.2	12.4%
<i>Waste collection and street cleaning</i>	1,550.0	1,428.6	8.5%
<i>Waste processing</i>	1,067.5	879.0	21.4%
<i>Other services</i>	627.4	580.6	8.1%
EBITDA	535.1	450.9	18.7%
<i>EBITDA Margin</i>	16.5%	15.6%	0.9 p.p
EBIT	285.4	215.7	32.3%
<i>EBIT margin</i>	8.8%	7.5%	1.3 p.p

Revenues at the Environment area were up 12.4% to reach 3,244.9 million euros at the end of the business year. The waste collection and street cleaning activity's revenues rose by 8.5% to 1,550 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 21.4% to €1,067.5 million, largely due to the recovery of the activities in the UK and the increase in activity in Central Europe, alongside the activity of a new plant in the USA.

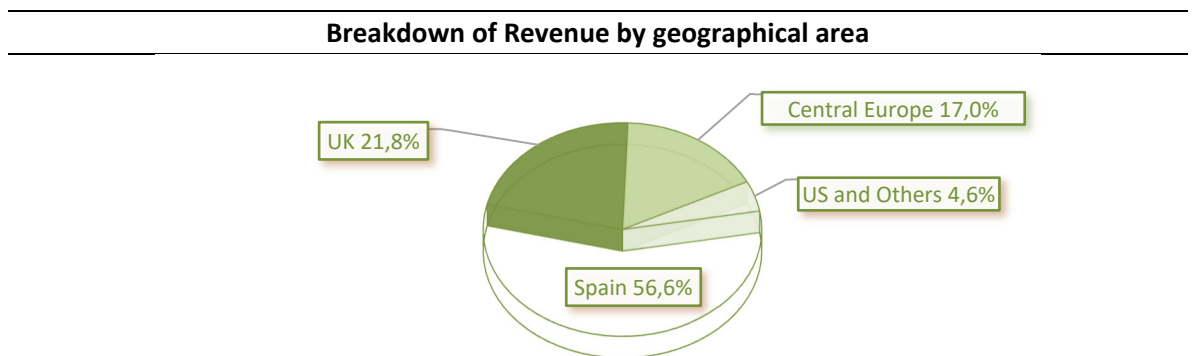
<b>Breakdown of revenue by geographical area</b>			
(Millions of euros)	Dec. 21	Dec. 20	Chg. (%)
Spain	1,837.2	1,715.8	7.1%
United Kingdom	708.3	605.3	17.0%
Central Europe	550.7	464.6	18.5%
US and others	148.7	102.5	45.1%
<b>Total</b>	<b>3,244.9</b>	<b>2,888.2</b>	<b>12.4%</b>

By geographical area, revenues in Spain were up 7.1% compared to the previous year to reach 1,837.2 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. Also significant has been the increased activity in cleaning and green areas due to a return to normal after the partial disruptions suffered in certain periods of last year.

In the UK, turnover increased by 17% to 708.3 million euros, mainly due to the recovery in the recycling and reduction of urban waste, after stoppages and lower volumes treated in the previous year.

In central Europe, revenues grew by 18.5% to 550.7 million euros due to the higher volume of activity in almost all countries in which the company operates, mainly the Czech Republic, Slovakia, and Poland, in urban collection and treatment, as well as due to the general increase in the price of recycled by-products.

Last but not least, turnover in the USA and other markets increased by 45.1% to 148.7 million euros, mainly due to the contribution from new urban collection contracts in Omaha (Nebraska) and Volusia (Florida), as well as the treatment and recovery plants in Texas



The gross operating profit (EBITDA) increased by a remarkable 18.7% to 535.1 million euros due to the aforementioned development of revenues and the improvement in volumes treated and prices in the treatment and recovery activities. This has allowed the operating margin to recover by 0.9 per cent and to reach 16.5%, close to pre-pandemic profitability levels.

The net operating profit (EBIT) increased by 32.3% over the previous year to 285.4 million euros, thanks to the development of the different components mentioned in the Ebitda.

**Breakdown of backlog by geographical area**

(Millions of euros)	Dec. 21	Dec. 20	Chg. (%)
Spain	6,300.6	4,872.2	29.3%
International	4,445.8	4,312.1	3.1%
<b>Total</b>	<b>10,746.4</b>	<b>9,184.3</b>	<b>17.0%</b>

At the end of last December, the area's backlog increased by 17% to 10,746.4 million euros. In Spain, it amounts to 6,300.6 million euros, where the contribution of street collection and cleaning in Barcelona stands out with 903.2 million euros, as well as other contracts in the city of Madrid, for a total amount of 682.6 million euros. In the rest of the territorial areas as a whole, the portfolio of services also increased by 3.1% to 4,445.8 million euros, highlighting the new contracts secured in the UK and the USA.

**2.1.7.1.2. Financial Debt**

(Millions of euros)	Dec. 21	Dec. 20	Chg. (€M)
Net Financial Debt	1,289.7	1,330.2	(40.5)

Financial debt decreased slightly in the year to 1,289.7 million euros. Its main balance corresponds to the issuance of two green bonds and a smaller amount of euro commercial paper, with a total accounting balance exceeding 70% of the total at year-end. The remainder mainly finances activity in the UK and is linked to project financing of waste treatment and recycling plants.

**2.1.7.2. Water**

The Water area contributed 26.5% of FCC Group EBITDA in the period. 90.1% of its activity is focused 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 9.9% 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 its activity centres on the design, equipping, and operation of processing plants. Overall, the Water area provides supply and/or sanitation services to more than 29 million inhabitants.

**2.1.7.2.1. Earnings**

(Millions of euros)	Dec. 21	Dec. 20	Chg. (%)
Turnover	1,169.5	1,188.3	-1.6%
<i>Concessions and services</i>	<i>1,053.3</i>	<i>1,016.6</i>	<i>3.6%</i>
<i>Technology and networks</i>	<i>116.2</i>	<i>171.7</i>	<i>-32.3%</i>
EBITDA	298.9	282.9	5.7%
<i>EBITDA Margin</i>	<i>25.6%</i>	<i>23.8%</i>	<i>1.8 p.p</i>
EBIT	181.3	167.4	8.3%
<i>EBIT margin</i>	<i>15.5%</i>	<i>14.1%</i>	<i>1.4 p.p</i>

Revenues fell slightly in the year to 1,169.5 million euros, due to decreased activity in the development of hydraulic assets. Revenues of the concessions and services and core business activity were up by 3.6% to 1,053.3 million euros, due to the higher volume of activity in Spain and abroad. Moreover, the activity of the Technology and Networks are dropped by 32.3%, due to the entry into the completion phase of a number of one-off international projects, which was partially offset by the growth of this activity in Spain.

<b>Breakdown of revenue by geographical area</b>			
<i>(Millions of euros)</i>	<i>Dec. 21</i>	<i>Dec. 20</i>	<i>Chg. (%)</i>
Spain	814.2	784.3	3.8%
Central Europe	113.6	105.0	8.2%
Middle East, Africa and Others	112.4	163.1	-31.1%
Rest of Europe (France, Portugal and Italy)	80.8	78.5	2.9%
Latin America	48.5	57.4	-15.5%
<b>Total</b>	<b>1,169.5</b>	<b>1,188.3</b>	<b>-1.6%</b>

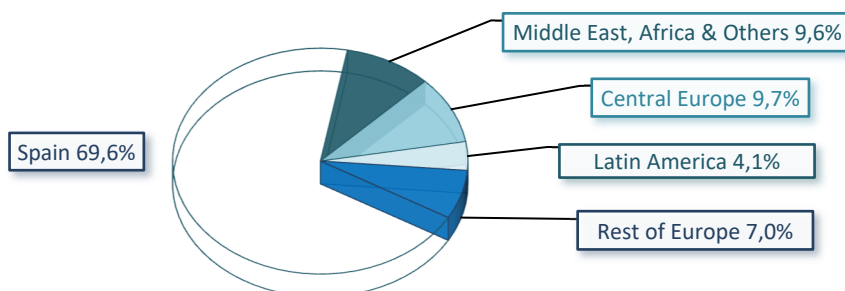
By geographical area, revenues in Spain increased by 3.8% to 814.2 million euros. This growth has occurred in each and every one of the activities, with Technology and Networks standing out due to both the contracts linked to one-off projects and the implementation of the investment plans of the concession contracts. Regarding the latter activity, the growth in m3 billed was 0.5%, with a progressive recovery towards pre-pandemic demand levels.

Internationally, Central Europe grew by 8.2% to €113.6 million following the tariff update in the end-to-end cycle activity in the Czech Republic and the favourable performance of the exchange rate of the Czech koruna (+3.2% in the year). In the Rest of Europe, revenues increased by 2.9% to 80.8 million euros, driven by the tariff increase for the Aque di Caltanissetta (IT) concession contract and the higher volume of activity in Technology and Networks for this contract.

The Middle East, Africa, and Others accounted for the fall in revenues in the Area to 112.4 million euros. This decrease was concentrated in the Technology and Networks business, almost entirely due to the slowdown in the almost completed construction of a wastewater treatment plant in Egypt.

Lastly, in Latin America, turnover decreased by 15.5% to 48.5 million euros, due to the lower contribution in the Technology and Networks business, both in Mexico and Colombia, of projects that are already at very advanced stages of execution and which have not been offset by others recently awarded, together with the increase in the end-to-end cycle business in Colombia.

### Breakdown of Revenue by geographical area



Gross operating profit (EBITDA) increased by 5.7% and totalled 298.9 million euros, due to the higher concession activity that more than compensated for the lower contribution of the Technology and Networks business and enabled the operating margin to grow to 25.6%, compared to 23.8% the previous year.

Net operating profit (EBIT) was up by 8.3% when compared to last year's figures, totalling 181.3 million euros, due to the performance of gross operating profit, as discussed previously.

### Breakdown of backlog by geographical area

(Millions of euros)	Dec. 21	Dec. 20	Chg. (%)
Spain	7,149.6	7,224.7	-1.0%
International	8,211.5	7,801.2	5.3%
<b>Total</b>	<b>15,361.1</b>	<b>15,025.9</b>	<b>2.2%</b>

The backlog at year-end totalled €15,361.1 million, 2.2% more than in 2020. In Spain, several contracts for the island of Tenerife, the end-to-end management contract in Salamanca, and the La Línea contract in Cádiz deserve a special mention. In the international area, the contract for comprehensive improvement and management in Los Cabos (Mexico) and the end-to-end cycle of Mantes-la-Jolie in France are also worth mentioning.

#### 2.1.7.2.2. Financial Debt

(Millions of euros)	Dec. 21	Dec. 20	Chg. (€M)
Net Financial Debt	1,247.6	1,177.6	70.0

Net financial debt reached 1,247.6 million euros at the end of the business year. The increase in net debt in the year is due to the complete elimination of loan assignments in the year amounting to 107.1 million euros.

#### 2.1.7.3. Construction

The Construction area contributed 9.1% of the FCC Group's EBITDA at the end of the business 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>Dec. 21</b>	<b>Dec. 20</b>	<b>Chg. (%)</b>
Turnover	1,659.6	1,611.0	3.0%
EBITDA	102.6	53.6	91.5%
<i>EBITDA Margin</i>	6.2%	3.3%	2.9 p.p
EBIT	71.1	20.9	240.2%
<i>EBIT margin</i>	4.3%	1.3%	3.0 p.p

Revenues in the area were up by 3% to 1,659.6 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>Dec. 21</b>	<b>Dec. 20</b>	<b>Chg. (%)</b>
Spain	885.2	848.8	4.3%
Rest of Europe and Others	419.2	390.0	7.5%
Latin America and the USA	209.4	126.0	66.2%
Middle East and Africa	145.8	246.2	-40.8%
<b>Total</b>	<b>1,659.6</b>	<b>1,611.0</b>	<b>3.0%</b>

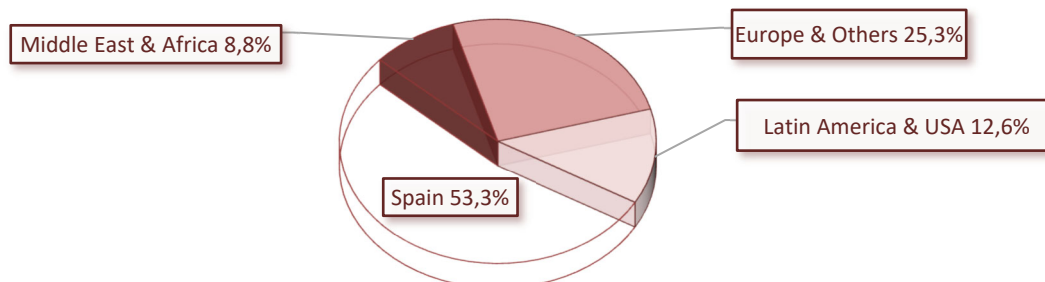
By geographical area, turnover in Spain increased by 4.3% to 885.2 million euros, due to the good pace of execution in the remodelling of the Santiago Bernabéu football stadium, as well as in other minor public works such as the remodelling of the Plaza de España and the island ring road in Tenerife.

Similarly, in the Rest of Europe and other markets, turnover grew by 7.5% compared to the previous year, reaching 419.2 million euros, thanks to the greater contribution of projects under development, such as the A-9 in the Netherlands and the A-465 motorway in Wales, which compensated for the lower contribution of others already completed, such as Grangegorman in Ireland.

In Latin America and the USA, revenues grew significantly, up to 209.4 million euros, largely due to the increased contribution of the Maya Train in Mexico and the commencement of a road project in Chile.

The drop in revenues is mainly concentrated in the Middle East, down to 40.8% to 145.8 million euros, essentially due to the lower activity reported in the construction of the Riyadh metro in Saudi Arabia as the project nears completion.

### Breakdown of revenue by geographical area



Gross operating profit increased significantly by 91.5% to 102.6 million euros compared to 53.6 million euros in the previous year. This increase is based on the aforementioned development of revenues and especially on the disappearance of the impact on various projects in the previous year caused by the slowdown and stoppages due to by the measures taken to combat the health crisis. As a result, the operating margin for the year amounted to 6.2%, similar to the level reached in previous quarters.

Net operating profit totalled 71.1 million euros, compared to 20.9 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)	Dec. 21	Dec. 20	Chg. (%)
Spain	1,368.0	1,628.4	-16.0%
International	2,613.3	3,527.4	-25.9%
<b>Total</b>	<b>3,981.3</b>	<b>5,155.8</b>	<b>-22.8%</b>

The revenue portfolio drops to 3,981.3 million, more sharply in the International realm, due both to the progress of contracts and the adjustments made to the projects to be carried out in certain countries, which have yet to be offset by new contracts.

### Breakdown of the Backlog by Activity Segment

(Millions of euros)	Dec. 21	Dec. 20	Chg. (%)
Civil engineering works	3,301.6	4,121.5	-19.9%
Building	426.3	695.0	-38.7%
Industrial Projects	253.4	339.3	-25.3%
<b>Total</b>	<b>3,981.3</b>	<b>5,155.8</b>	<b>-22.8%</b>

Civil engineering works continue to be the dominating segment by type of activity, representing 82.9% of the total.



#### 2.1.7.4. Cement

The Cement area contributed 6.8% of the FCC Group's EBITDA in the business year. 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.

##### 2.1.7.4.1. Earnings

(Millions of euros)	Dec. 21	Dec. 20	Chg. (%)
Turnover	433.8	382.6	13.4%
<i>Cement</i>	393.2	345.2	13.9%
<i>Other</i>	40.6	37.4	8.6%
EBITDA	76.1	139.9	-45.6%
<i>EBITDA Margin</i>	17.5%	36.6%	-19.0 p.p
EBIT	(90.3)	106.8	-184.6%
<i>EBIT margin</i>	-20.8%	27.9%	-48.7 p.p

The area's revenues rose 13.4% compared to last year and amount to 433.8 million euros, due to an increase in volumes invoiced in Spain as well as an increase in exports from local markets (Spain and to a lesser extent Tunisia).

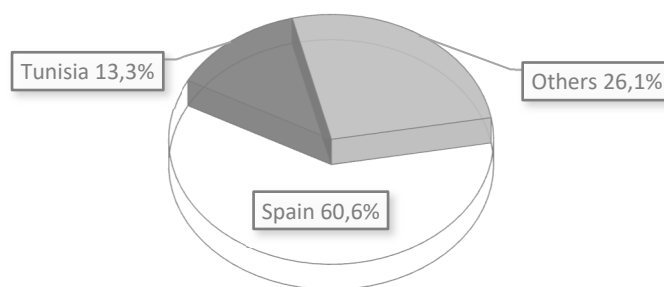
Breakdown of revenue by geographical area			
(Millions of euros)	Dec. 21	Dec. 20	Chg. (%)
Spain	262.9	237.9	10.5%
Tunisia	57.8	57.8	0.0%
Miscellaneous (exports)	113.1	86.9	30.1%
<b>Total</b>	<b>433.8</b>	<b>382.6</b>	<b>13.4%</b>

With regards to the geographical areas, the turnover in Spain was up by 10.5% to 262.9 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, turnover remained at the same level as the previous year at 57.8 million euros, where the increase in prices compensated for the slight decrease in volumes.

Moreover, export revenues increased by a noteworthy 30.1% to 113.1 million euros, following an increase in exports, mainly to the EU, from Spain, in particular to the UK and France, as well as those from Tunisia.

**Breakdown of revenue by geographical area**



Moreover, EBITDA stood at 76.1 million euros, 45.6% down when compared to 139.9 million euros during the previous year. This drop is largely explained by the impact of the sale of a large volume of CO2 rights during the previous year, which amounted to 58.9 million euros, as compared to 7.8 million euros during this year. Excluding this differentiating factor, operating profit excluding CO2 was down 15.6% compared to the previous year, mainly due to the effect of the increase in electricity and fuel prices in the second half of 2021.

The net operating profit was -90.3 million euros, mainly due to a 136-million-euro adjustment to the value of various property, plant and equipment and goodwill, in order to better reflect their estimated future cash generation capacity.

**2.1.7.4.2. Financial Debt**

(Millions of euros)	Dec. 21	Dec. 20	Chg. (€M)
Net financial debt	124.4	173.7	(49.3)

Net financial debt, entirely without recourse to the Group's parent company, dropped to 49.3 million euros when compared to December of last year, reaching 124.4 million euros, as a consequence of the application of the free cash flow generated in the year as a whole to the reduction of financial indebtedness. The Cement area therefore reaches a new milestone in the progressive strengthening of its financial soundness.

**2.1.7.5. Real Estate**

The Real Estate area will contribute 3.6% of the FCC Group's EBITDA in 2021. Its activity is centred in Spain and is structured in two main activities, with the first being the holding, development, and operation of all types of real estate on a rental basis (mainly offices, premises, and shopping centres). This is in addition to the development for sale of properties, which includes the urban management of its land portfolio, providing development management services for third parties.

**2.1.7.5.1. Earnings**

(Millions of euros)	Dec. 21	Dec. 20	Chg. (%)
Turnover	147.9	34.8	N/A
<i>Rentals</i>	17.2	0.0	N/A
<i>Residential Development</i>	130.7	34.8	N/A

EBITDA	40.0	(3.8)	N/A
<i>EBITDA Margin</i>	<i>27.0%</i>	<i>-10.9%</i>	<i>38.0 p.p</i>
EBIT	298.3	(3.8)	N/A
<i>EBIT margin</i>	<i>201.7%</i>	<i>-10.9%</i>	<i>N/A</i>

The area's revenues amounted to 147.9 million euros in 2021, a substantial increase over the previous year, due both to the aforementioned entry into the scope using full consolidation of the Realia Group and Jezzine, and to the increase in revenues from the Development activity, due to the higher rate of deliveries throughout this business year.

In the Residential Development activity, with 130.7 million euros of revenues in the year, this is explained by the increase in activity, which in comparable terms (without considering the effect of the consolidation of the Realia Group), would have grown to 102.3 million euros in this business year. In addition, the activity has been reinforced by the contribution of the Realia Group for two months of the year, with 28.4 million euros. The revenues generated were distributed among more than ten developments, mainly in metropolitan areas of large cities in Spain.

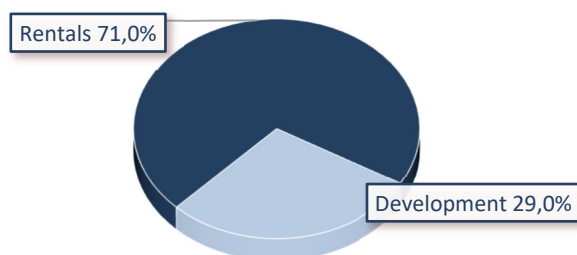
The revenue reported by Rentals was 17.2 million, compared to the lack of a contribution in the previous year and only two months of this activity in the year. Its revenues are concentrated in the use of offices (comprising Jezzine's network of properties dedicated to the rental of bank branches), which accounted for more than 80% of the total, followed by rent generated by the operation of shopping centres. At year-end, the occupancy rate exceeded 95%, supported by high occupancy levels in all uses, locations, and the very long-term contract held by the subsidiary Jezzine in relation to offices.

Similarly, EBITDA performed better this year, with a figure of 40 million euros, due both to the higher profitability of Development operations and to the effect of the contribution of the new Rentals activity, with a much higher operating margin. As a result, the operating margin stood at 27% for the year, a percentage that should increase in the coming periods as the contribution of the Rentals activity is extended to the whole of the annual period.

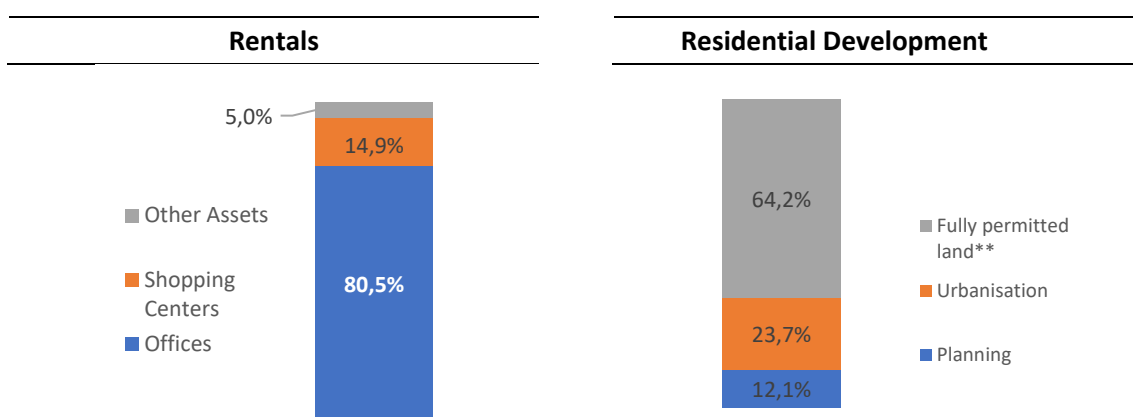
EBIT contains the effect of the aforementioned change in EBITDA, together with the profit generated by raising the value of Realia's rental assets by 241.7 million euros to their fair market value.

The latest available market valuation of the area's real estate assets, which totalled 2,941.8 million euros at 31 December 2021, is presented below. The majority corresponds to rental assets, which account for 71% of the total, a figure of 2,086.6 million euros, while Residential Development, which includes land at different stages of development together with developments being marketed, in progress, and completed, accounts for 29% of the total, amounting to 855.2 million euros.

**GAV per Activity\***



\*Development data of FCC Inmobiliaria, S.A. as at 30 June 2021.



\*\*Includes products in progress and finished products

**2.1.7.5.2. Financial Debt**

(Millions of euros)	Dec. 21	Dec. 20	Chg. (€M)
Net financial debt	889.7	0	889.7

The balance of financial debt at 31 December 2021 amounted to 889.7 million euros, compared to zero in the previous year. The net financial indebtedness generated this year is explained in its entirety by the full consolidation of the Realia Group's debt and that of Jezzine, both at year-end. Both subsidiaries have long-term financing structures, linked to their rental assets and are separate from the head of the area, FCC Inmobiliaria.

**2.2. Business performance. Environment**

The information relating to the FCC Group's environmental policy is set out in greater detail in note 30 to the consolidated financial statements and in section 7 of the Non-Financial Information Statement.

The FCC Group carries out its activities on the basis of business commitment and responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its ambition to generate wealth and social well-being.

Aware of the importance for the Group of preserving the environment and the responsible use of available resources, and in line with the vocation of service through activities with a clear environmental focus, the Group promotes and encourages the following principles throughout the organisation, on which the contribution to sustainable development is based:

- Continuous improvement: Promote environmental excellence by establishing objectives for the continuous improvement of performance, minimising the negative impacts of the Group's processes, products and services, and enhancing the positive impacts.
- Monitoring and control: establish environmental indicator management systems for the operational control of processes, which provide the necessary knowledge for monitoring, assessment, decision-making and communication of the Group's environmental performance and compliance with the commitments undertaken.
- Climate change and pollution prevention: Lead the fight against climate change through the implementation of processes with lower greenhouse gas emissions, and by promoting energy efficiency and renewable energies. Prevent pollution and protect the environment through responsible management and consumption of natural resources, and also by minimising the impact of emissions, discharges and waste generated and managed by the Group's activities.
- Observation of the environment and innovation: Identify the risks and opportunities of the activities in the face of the changing natural environment in order, among other things, to drive innovation and the application of new technologies, and also to generate synergies between the Group's various activities.
- Life cycle of products and services: enhancing environmental considerations in business planning, procurement of materials and equipment, and relations with suppliers and contractors.
- The necessary participation of all parties: promote the knowledge and application of environmental principles among employees and other stakeholders. Share experience in the most excellent practices with the different agents in order to promote alternative solutions to those currently in place, which contribute to the achievement of a sustainable environment.

### 2.3. Business performance. Personnel

Attached is a breakdown of the Group's headcount at the end of the year, by business area:

AREAS	2021			
	SPAIN	ABROAD	TOTAL	%/Total
Environment	33,909	7,643	41,552	70%
Water Management	6,701	3,117	9,818	16%
Construction	3,828	2,781	6,609	11%
Cement	809	240	1,049	2%
Concessions	50	71	121	0%

Central Services and Others	398	0	398	1%
<b>TOTAL</b>	<b>45,695</b>	<b>13,852</b>	<b>59,547</b>	<b>100%</b>

### 3. LIQUIDITY AND CAPITAL RESOURCES

#### Liquidity

In order to optimise its financial position, the Group maintains a proactive liquidity management policy with daily cash monitoring and forecasts.

The Group covers its liquidity needs through the cash flows generated by the businesses and through the financial agreements reached.

In order to improve the Group's liquidity position, active collection management is carried out with customers to ensure that they meet their payment commitments.

To ensure liquidity and meet all payment commitments arising from the business, the Group has cash flows as shown in the balance sheet (see note 17 to the consolidated financial statements) and detailed financing (see note 20 to the consolidated financial statements).

Note 30 to the consolidated financial statements sets forth the policy implemented by the Group to manage liquidity risk and the factors mitigating said risk.

#### Capital resources

The Group manages its capital to ensure that its member companies will be able to continue as profitable and solvent businesses.

As part of its capital management operations, the Group obtains financing through a wide range of financial products.

During the 2019 business year, two simple bonds were issued by FCC Servicios Medioambiente Holding, S.A.U. for an amount of 1,100 million euros; FCC Aqualia, S.A. had previously done the same in 2017.

In November 2018, FCC, S.A. registered a 300 million euros promissory notes programme, which was subsequently expanded to 600 million euros in March 2019. Since then, new funding facilities were also arranged in the form of credit facilities and bilateral loans. In 2020, FCC Servicios Medioambiente Holding, S.A.U. registered a promissory note programme which it renewed in 2021 for an amount of up to €400 million; it also has financing facilities in the form of credit facilities.

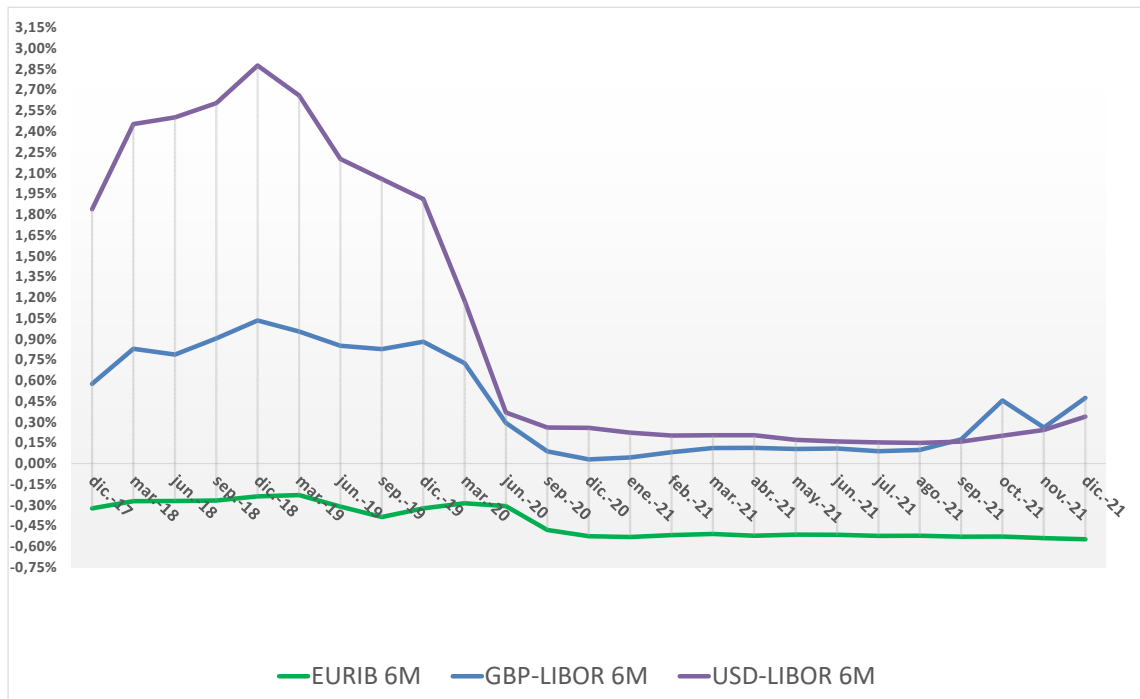
In addition, in 2021 Cementos Portland Valderrivas, S.A. has voluntarily and early repaid all of its syndicated financing for a total of €115.5 million and has contracted new bilateral financing facilities (note 20 of Non-current and current financial liabilities in the notes to the 2021 annual accounts).

These operations have made it possible to complete the process of debt reduction and financial reorganisation initiated five years ago and to continue with the policy of diversifying financing sources; all this contributing to achieving a much more stable and efficient capital structure, with

amounts, terms and financing costs suitable according to the nature of the different business areas.

In order to optimise the cost of capital resources, the Group maintains an active policy of interest rate risk management, constantly monitoring the market and taking different positions depending mainly on the assets financed.

The performance of interest rates in recent years is shown below.



This section is discussed in greater detail in note 30 to the consolidated financial statements.

## 4. MAJOR RISKS AND UNCERTAINTIES

### 4.1. Risk Management Policy and System

The Group Risk Management Model has been designed with the aim of identifying and assessing the potential risks that could affect the Group's different units, as well as establishing mechanisms incorporated into the organisation's processes that make it possible to manage risks within the accepted levels, providing the Board of Directors and Senior Management with reasonable assurance regarding the achievement of the main objectives defined. This model applies to all Group companies, as well as to those affiliates where has effective control, promoting the development of work frameworks that enable suitable risk control and management in those companies where effective control is not available.

This model is essentially based on the integration of a risk-opportunity vision and the assignment of responsibilities that, together with the segregation of duties, enable the follow-up and control of risks, consolidating a suitable control environment.

The activities included in the Group's Risk Management Model include the assessment of risks, including tax risks, in terms of impact and probability of occurrence, giving rise to Risk Maps, and subsequently the establishment of prevention and control activities to mitigate the effect of such risks. In addition, this Model includes the establishment of reporting flows and communication mechanisms at different levels, which allow both decision-making and its review and continuous improvement.

The system covers the risk scenarios considered, which have been classified into four groups: Operational, Compliance, Strategic and Financial.

The risk management duties and responsibilities at the different levels of the organisation are detailed in section E on the Risk Management and Control System of the Annual Corporate Governance Report.

### 4.2. Major risks and uncertainties

The Group operates worldwide and in different sectors and, therefore, its activities are subject to a variety of environmental, socio-economic environments and regulatory frameworks, as well as to different risks inherent to its operations and risks arising from the complexity of the projects in which it participates, which could affect the achievement of its objectives.

Details of the main strategic, operational and compliance risks that could affect the Group's activities, as well as a description of the systems used to manage and monitor them, can be found in section E of the Annual Corporate Governance Report, as well as in section 12.1 of the Non-Financial Information Statement.

With regard to financial risks, which are considered to be the changes in the financial instruments arranged by the Group due to political, market and other factors, and their repercussions on the financial statements, the risk management philosophy is consistent with the business strategy, seeking maximum efficiency and solvency at all times. To this end, strict financial risk control and management criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred by the Group's operations, with the risk policy being correctly integrated into the Group's organisation. The financial risks to which the Group is exposed are discussed in greater detail in note 30 to the consolidated financial statements, in section E of the Annual Corporate Governance Report and in section 12.1 of the Non-Financial Information Statement



In addition, the Group is also subject to certain risks relating to environmental and social issues, the management of which is described in greater detail in sections 6.2 and 7 of the Non-Financial Information Statement.

## 5. ACQUISITION AND DISPOSAL OF OWN SHARES

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 the business year amounted to 2,410,758 shares, equivalent to 0,567% of the capital stock.

The acquisition and disposal of treasury shares carried out during the year are disclosed in Note 18 of the Notes to the consolidated financial statements.

## 6. SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE YEAR

On 2 February 2022, FCC Aqualia, S.A. acquired a 60% stake in Georgia Global Utilities JSC for USD 180 million, a water and renewable energy utility in Georgia. This acquisition is the first step in a global operation in which FCC Aqualia, S.A. will end up holding 80% of the water utilities business when a second phase of the agreement is completed, still subject to the fulfilment of suspensive conditions, which basically consists of the spin-off of the renewable energy business.

On 25 January 2022, FCC Aqualia, S.A. cancelled in advance the loan agreement for variable interest provisions amounting to 200,000 thousand Euros which was fully drawn down and in cash at 31 December 2021 (note 20). Also, on 25 January 2022, FCC Aqualia, S.A. signed a new loan agreement for variable interest provisions maturing on 31 March 2023 for the same amount. This new contract can be used for the Company's cash requirements and for the redemption of the GGU bonds mentioned above.

There have been no further significant events between the end of the reporting period and the date of authorisation of these financial statements.

## 7. OUTLOOK

The outlook for the performance of the Group's main business areas in 2022 is given below.

**In the countries where the Environmental Services Area** operates, the sector is undergoing a process of transformation, mainly due to the environmental requirements of each country derived from the European Directives (new opportunities based on the ambitious objectives set by the European Union in relation to the circular economy and climate change). The new services will focus on energy efficiency, urban mobility and smart cities.

Moderate growth is expected in Spain based on the start-up of new contracts already awarded. The entry into force of the new state waste tax is delayed until 2023, which implies stability in risk management activity. The contract renewal rate, which currently stands at over 90%, is expected to be maintained.

No significant changes are expected in the domestic market, the aim being focused on gradually replacing the linear production model with circular models (Plan PEMAR 2016-2022, España Circular 2030 [State Waste Framework Plan for Spain's Circular Economy]).

### 2.2.1. Europe

In Portugal, business opportunities related to soil decontamination activities and new urban sanitation contracts stand out.

The UK economic forecasts point to a return to the pre-pandemic GDP level by the end of 2021. Despite the uncertainty in the near future caused by the latest effects of COVID-19, the Office for Budget Responsibility (OBR) has estimated medium-term GDP growth of around 2% per year, based on the strength of the labour market and rising tax revenues. Regarding the environment, after leaving the EU, the UK not only shares the EU's circular economy objectives and recycling targets, but aims to be more ambitious than the EU in terms of household waste recycling rates and the portion of waste to landfill, as well as being more aggressive in the timing of implementation. In addition, the government has a draft "Environmental Law" with ambitious recycling targets, and with new aspects to monitor compliance, as well as the establishment in 2022 of a packaging tax, while supporting measures to reduce CO2 emissions. Given the nature of the sector, which is strongly conditioned by environmental legislation, FCC will continue to keep a close eye on legislative developments in these areas. The year 2021 has seen a recovery in the market and prices for recycled products, where the quality of the products remains essential for their commercialisation, although it will always be subject to some price volatility; the export of RDF (refuse derived fuels) to Europe has been suffering from trade barriers and the development of new treatment plants, a positive development for our UK division, which continues with its strategy of energy production through the waste treatment and disposal.

In Central and Eastern Europe, organic growth is expected in parallel with macroeconomic indicators (inflation and GDP) in each of the countries. A solid municipal and industrial customer base is maintained with the inclusion in 2022 of the collection and risk management contract in the Tyrol region (Austria) and the recovery of the collection and treatment contract in Zabrze (Poland). Recycling prices (especially paper and metals) are expected to remain at the high levels of 2021 and FCC has already been awarded several soil decontamination projects in the Czech Republic and Slovakia which are expected to be executed in the period 2022-2024.

In relation to the implementation of the business model, Austria is a mature and fully developed market while the other three most important countries, the Czech Republic, Slovakia and Poland, must gradually transform their business model, reducing volumes in landfills and increasing treatment and recycling activities in order to adapt to European Union directives. This process entails legislative changes that are already becoming visible (especially in Poland and Slovakia) and will require significant technological investments in the coming years in order to maintain a leading and competitive position in these markets (e.g. incinerators). A number of projects are already being analysed in each of these countries and could materialise in the short term.

### 2.2.2. USA

The Group has also begun to promote mechanical biological treatment plants in the USA, in line with new regulations that are beginning to make it mandatory in some states to minimise landfill

disposal. The group's significant experience at European and international level will bring considerable development in this business for FCC, which has a clearly differentiating experience in this technology compared to its usual competitors in the country.

## Water

Expectations for 2022 are for an increasing recovery in the levels of activity that have been affected by the COVID-19 pandemic, fundamentally in the geographical areas where demand is most closely linked to tourism activity. In this regard, we expect a significant recovery in the Canary and Balearic Islands in the coming quarters to recover the volumes invoiced in 2019, This situation will be reinforced by the new contracts incorporated into the perimeter during 2021, and also by the maintenance of the high rates of renewal of contracts that Aqualia historically records on their expiry. This increase in revenues will lead to an improvement in results, reinforced by the continuation of cost optimisation actions.

By 2022, concessions in **Spain** in the area of end-to-end water cycle **service concessions** are expected to maintain renewal rates similar to 2021, i.e. above 90%. In terms of new procurement, several expiring contracts, currently operated by competitors, are expected to be tendered out. In addition, major water treatment works are expected to be tendered in Madrid and Palma de Mallorca.

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 proliferation of operation and maintenance contracts promoted by public companies belonging to Aguas de Portugal and inter-municipal companies is expected.

New public service delegation tenders are expected to be launched in **France** due to the expiry of the contractual term of one of the country's existing contracts.

In **Saudi Arabia**, tenders will be awarded for operation and maintenance contracts for water and sanitation services in the six regions into which the Saudi kingdom has been divided, before they are finally transformed into administrative concessions.

During 2022 Aqualia will consolidate the operation of the new contract to operate the Jizan desalination plant in **Saudi Arabia** and the operation of the Abu Rawash wastewater treatment plant in **Egypt**, the largest in Africa.

In LATAM, the 20-year operation period of the Guaymas IDAM (Sonora, Mexico) will begin, the contract for the end-to-end management improvement of Los Cabos (Baja California Sur) will start, as well as the operation of the El Realito aqueduct and the technical assistance period of the Salitre WWTP (**Colombia**) will end. 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. Opportunities in end-to-end water cycle management will also be explored.

Finally, in **Peru**, we will continue with the preparation of the private initiatives represented as relevant for Aqualia, expecting the tendering of approximately 5 BOT purification contracts, and in the **USA**, the projects currently under study will be presented to their corresponding clients under the formula of "unsolicited proposals", for their assessment and, if accepted, for their subsequent execution. Market exploration will also continue with the aim of acquiring a growth platform for the country.

## Construction

The Group focuses on the international market in countries and markets with a stable presence, and on the execution of projects with secured financing.

The search for contracts in the domestic and international markets is one of the Group's objectives, although this is done through demanding risk management that must provide access to a selective backlog of projects that ensure the company's profitability and cash flow generation.

Taking into account the above, it is estimated that in 2022, the turnover obtained in Spain will remain similar to that obtained in 2021.

The estimated 2022 foreign market turnover is expected to resemble 2021, with the development of major infrastructure projects obtained between 2019 and 2021 and the contribution of the markets in America (Mexico, Chile, Peru, Colombia) and Europe (the Netherlands, the United Kingdom and Romania).

## Cement

During 2021, there has been a very significant increase in the cost of maritime freight and, above all, in the gas and electricity markets. These increases have been passed on as supply chain disruptions on the one hand, and on the other hand are the main source of inflationary pressures that have been passed on to virtually all products and services. The lack of visibility on the return to normality is very high.

On 17 December 2021, the Bank of Spain revised Spain's GDP growth for 2021 downwards to 4.5%, due to supply shortages, longer product delivery times, more expensive energy supplies and, finally, the OMICRON variant of COVID-19. For 2022 it forecasts growth of 5.4% with an unemployment rate of 14.2%, almost one point lower than expected for 2021. It is not until the end of 2022 that the Spanish economy will recover to pre-crisis levels caused by the COVID-19 pandemic.

According to estimates by the Association of Infrastructure Construction and Concession Companies (SEOPAN), official tenders up to November 2021 have increased by 80.2% compared to the same period in 2020. Building permits for new construction have increased by 22% and public procurement is estimated to grow by 36% compared to 2020. These increases are reflected in cement consumption, which reaches 14.9 Mt, 11% more than in 2020, equivalent to 1.5 million tonnes, according to data provided by the sector's employers' association, OFICEMEN. The same source also says that the market evolution in 2022 will close in a range of between 3% and +5%, exceeding 15 million tonnes. Domestic political instability in Tunisia is keeping consumption levels at low levels. By 2022, growth in the domestic market is estimated at 1.6% to reach 6 million tonnes, after closing 2021 at around 5.9 million tonnes, with a growth of 2.5% over 2020.

In this context, the Cementos Portland Valderrivas Group will continue to develop its cost containment and investment optimisation policies and to adapt all its organisational structures to the reality of the various markets in which it operates, with the aim of improving the generation of resources.

## Real Estate

FCC Inmobiliaria's actions for 2022 are focused on the development of its three business lines in Spain:

### **Office and shopping centre rentals**

- Business backed by the quality of the assets where most of the offices are located in prime areas, and also the group of shopping centres it owns, which are centres located in the urban centres of the cities.
- Sustained recurrence of revenues from Jezzine, the lessor of Caixabank's offices, whose lease expires in 2037.
- Assisting its property subsidiaries to adapt their buildings and business to new trends in efficiency and sustainability in the office and shopping centre market.
- Adapt the commercial relationship with tenants by adapting contracts to market requirements, such as flexibility of space, duration, etc.

### **Real Estate Development**

- Maintenance of development activity at similar levels to last year, with the completion of projects in progress, as well as the start of new projects, with special attention to their profitability, and also to the viability of their commercialisation, bearing in mind the evolution of demand and the macro scenario of the Spanish economy, which are vital for development activities.
- Continue to manage the group's land portfolio, consolidating it as urban land, with the resulting increase in value and ensuring continuity in its development activity.
- Acquisition of new assets and/or land with a value path, either by management and/or by the market.

### **Rental housing**

Continuation and development of the new rental development activity, where Realia will develop 2 new projects for the construction of 195 subsidised housing units (VPPL-VPPB) for rental in the municipality of Tres Cantos (Madrid), with a total planned investment of €42.9 million, of which €27.3 million is pending, with the possible acquisition or development of new land for the same purpose of residential rental housing. The Group continues to operate the Build to Rent (BTR) residential building of 85 homes in Tres Cantos (Madrid), at 31 December 2021 it has formalised rental contracts for 100% of the surface area,

## **8 RD&I ACTIVITIES**

The Group's Research, Development and Innovation (RD&I) activities in 2021 were embodied by over 45 projects.

These projects seek to provide a response to the challenges of each business area while maintaining global coordination between the different business areas of the Group.

The activities of the different Business Areas and the main projects developed throughout 2021 are detailed below.

## SERVICES

In the environmental services activity, we have continued with the development of projects started in previous years, such as:

- **VISION**
- **BICISENDAS**
- **INSECTUM**
- **B-FERTS**
- **DEEP PURPLE**
- **PLASMIX**
- **LIFE 4 FILM.**
- **H2020 SCALABLE TECHNOLOGIES FOR BIO-URBAN WASTE RECOVERY (SCALIBUR).**

In addition, new ones have been launched during 2021, which are summarised below:

- **VALOMASK:** The project involves the design and development of a sustainable management process for discarded face masks. Under the concept of moving from waste to products, this project aims to prevent tons of masks from ending up in landfills by means of a mechanical separation process in Waste Treatment Centres (WTC), recovery and bioconversion, obtaining bio-products that help to prevent the spread of COVID-19. Developing this new process will call for the generation of new knowledge on the behaviour of masks in risk management plants and a technological development pathway for the separation of plastics, and also a new approach to research in this field.
- **RECYGAS:** This project deepens research into waste gasification and makes it possible to use the clean synthetic gas obtained from the gasification process to initiate chemical synthesis routes (whose products would no longer have the status of waste) or its use in high-efficiency electricity generation cycles. The technology that the project incorporates would allow it to climb up the waste management hierarchy towards recycling.
- **EFFECTIVE SEALING SOLUTION FOR METALLIC MINING WASTE DUMPS TO CONTROL POTENTIALLY TOXIC ELEMENTS:** The technology to be implemented in this project is the experimental application, on a field scale, of a novel and effective sealing procedure for mining waste deposits, consisting of the installation of a multilayer physical barrier based on a proprietary technology already patented and tested in a pilot test on a small scale, but pending validation on a field scale, testing two different types of materials: Construction and demolition waste (CDW) and limestone waste from cuttings and excavations in mining activities.

In the field of specialised machinery for waste collection activities:

- **SPECIAL SIDE-LOADING VEHICLE:** Development of a new side-loading compactor collector vehicle, 2 metres wide (non-existent on the market), on a compressed natural gas chassis, also 2 metres wide and with a gross vehicle weight of 18 tonnes.

- **SPECIAL REAR-LOADING VEHICLE:** Development of a new rear-loading compactor collector of very small dimensions, bi-compartment of 10 m<sup>3</sup> with pure electric propulsion and drive of the bodywork and auto-recharging system of batteries by CNG engine on special chassis, narrow of 2.2 meters wide and an MAM of 17 tonnes.

## END-TO-END WATER MANAGEMENT

Aqualia's innovation is guided by European Green Deal policies to reduce the carbon footprint to zero, thanks to the transition to a circular economy with no environmental impact. The Innovation and Technology Department (ITD) develops new smart management tools and new proposals for sustainable services, supporting the company in achieving the United Nations Sustainable Development Goals (SDGs). Priorities are affordable, high-quality water and sanitation (SDG 6), an optimised energy balance (SDG 7) without affecting the climate (SDG 13) and contributing to sustainable production and consumption (SDG 12).

The projects highlighted in 2021 are listed below:

- **INTERCONECTA (FEDER) ADVISOR:** Aiming to achieve a circular economy in the agro-industrial activity of Guijuelo, and prevent the cost and impact of waste management in the meat industry, new recovery solutions have been demonstrated at the WWTP operated by Aqualia. By adapting co-digestion to slaughterhouse waste, with the validation of thermal pre-treatment and innovative control systems, the energy self-sufficiency of the treatment plant has been increased. Increased biogas production, and its enrichment with the ABAD Bioenergy® process, has made it possible to supply biomethane to service vehicles.

There was also a demonstration of the ELSAR process, a new anaerobic reactor with bio-electrochemical intensification, a patent shared with the University of Alcalá. In addition, the transformation of fatty waste into bioplastics has been assessed, and the fertiliser value of the by-products has been demonstrated in collaboration with farmers in the region.

- **H2020 SABANA:** Led by the University of Almeria, the consortium of eleven entities from five countries (including the Czech Republic and Hungary) includes three large companies: Aqualia, Westfalia (Germany) and the Italian food group Veronesi. The project has optimised the production of new biofertilisers and biostimulants from algae, and two biorefineries based on algae cultivation have been implemented in the WWTPs managed by Aqualia in Mérida (Badajoz) and Hellín (Albacete), totalling five hectares.
- **H2020 RUN4LIFE:** Led by Aqualia, a consortium of fifteen entities in seven countries has implemented new nutrient recovery concepts, based on the separation of grey and black water, in four demonstration sites (Sneek/Netherlands, Ghent/Belgium, Helsingborg/Sweden and Vigo/Spain). In the Vigo Free Trade Zone, Aqualia operates a membrane reactor (MBR) in an office building for greywater, which is reused in the toilets. The sewage is transformed into bioenergy in an anaerobic MBR. In effluents, various nutrient recovery options have been tested, followed by advanced oxidation to remove viruses and emerging pollutants to encourage reuse. A larger scale prototype installation has been prepared in Balaídos with effluent from the Citroën industrial complex.

At the other two demonstration sites, involving hundreds of new flats in Ghent and Helsingborg, grey and black water are separated, and organic kitchen waste is included in the anaerobic reactors. After the housing units were opened in 2020, and the energy and nutrient recovery facilities were commissioned, the service has been optimised through dialogue with the users, reducing water and energy consumption through decentralised management.

New vacuum toilets have been installed in some 30 houses in Sneek, with minimal water consumption, facilitating direct thermophilic digestion of sewage in a novel bioreactor that allows direct production of a fertiliser. An important task was the assessment of the effect of new fertilisers, verifying through greenhouse cultivation trials the quality and safety of effluents and by-products of the different nutrient recovery processes.

- **RIS3 RECARBÓN:** Financed by the Asturian agency IDEPA with FEDER funds, and led by the engineering company INGEMAS in Gijón with two local SMEs (Biesca and InCo), Aqualia supports the INCAR (Institute of Carbon Science and Technology) of the CSIC and the CTIC (Information and Communication Technology Centre) in the research of pollutant adsorption methods with regenerated activated carbon and bio-char. This sustainable and affordable adsorbent is assessed for biogas cleaning in the WWTPs of Chiclana, Lleida and Jerez, and also in the deodorisation of the Luarca and San Claudio WWTPs in Oviedo.

The bio-char is also being tested in new micropollutant adsorption units, for which Aqualia's accredited laboratory in Oviedo is developing advanced analysis methods, and new sensors are being validated to enable real-time monitoring at the El Grado WWTP and the Cabornio DWTP in Oviedo.

- **JPI MARADENTRO:** The project "Managed Aquifer Recharge: ADrEssiNg The Risks Of regenerated water" is led by the Institute of Environmental Assessment and Water Research in the European Horizon 2020 ERA-NETs Cofund WaterWorks 2018 programme, involving partners in France, Italy and Sweden, and examines soil as a tertiary risk management unit.

A 400 m<sup>2</sup> infiltration system is being built at the Medina del Campo WWTP for advanced risk management of treated water and its reuse in aquifer recharge, compared to conventional tertiary treatment. Scientific institutes develop system design and simulation tools to optimise the operation and costs of emerging pollutant removal.

- **H2020 SCALIBUR:** The project, led by the Itene technology centre, involves 21 partners from 10 countries and focuses 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 risk management at the Estiviel WWTP (Toledo), testing improvements in thickening and dual two-stage digestion, and simplifying sludge stabilisation without heated concrete structures. The project has facilitated first innovation activities at SmVaK in the Czech Republic to convert organic matter into by-products and bioenergy, and prototypes are being built at the Karviná WWTP.

- **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 the Toledo-Estiviel WWTP, and a demonstration reactor 10 times larger is being built at the Linares WWTP. Parallel activities are prepared also at the SmVaK WWTP in the Czech Republic and another demonstration site is planned.



- **BBI B-FERST:** With Fertiberia as 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 raw materials recovered from municipal waste and effluents in the production of fertilisers in three countries (Spain, Italy and Czech Republic) is analysed. A struvite precipitation system has also been built at the Jerez WWTP to incorporate the phosphorus recovered in a new Fertiberia bio-based fertiliser demonstration plant in Huelva.
- **LIFE INTEXT:** The project to optimise low-cost wastewater treatment technologies in small towns is led by Aqualia, with the AIMEN and CENTA technology centres and the University of Aarhus in Denmark supporting SMEs in Germany, Greece and France. The aim is to minimise energy costs, carbon footprint and waste from wastewater treatment by providing ecologically and economically sustainable solutions for urban areas with less than 5,000 inhabitants. The demonstration platform of 16 technologies was started up at the Talavera WWTP, operated by Aqualia, which will allow a tailor-made offer to isolated urbanisations.
- **LIFE ULISES:** Three technology centres, CENTA, EnergyLab and CieSol of the University of Almeria, support Aqualia as coordinator to transform conventional WWTPs into "energy production factories", achieving energy self-sufficiency and eliminating their carbon footprint. Anaerobic pretreatment with the PUSH reactor, which has also been successfully assessed in two WWTPs in Portugal, has been implemented at the El Bobar WWTP in Almeria, operated by Aqualia. To improve the energy balance, digestion with hydrolysis is intensified to use biogas as a vehicle fuel with an ABAD BioEnergy refining system and a dispenser.
- **LIFE INFUSION:** After completing the Life Methamorphosis project at Ecoparc 2, the Barcelona Metropolitan Area (AMB) extended the operation of the pilots to prepare the designs for several new plants to recover resources from municipal solid waste. Together with the EureCat technology centre and the operator of Ecoparc2, EBESA, the leachate digestion system is optimised with Aqualia, AnMBR and ELAN technologies, with the addition of an ammonium stripping system from the Belgian SME Detricon. Two waste management entities, Cogersa in Asturias and AMIU in the region of Genoa/Italy are also participating to assess the options for implementing the solutions in their plants.
- **LIFE PHOENIX:** The Aqualia-led project, supported by the technology centres CETIM and CIESOL, optimises tertiary risk management to achieve the most ambitious objectives of the new European regulation on water reuse (EU 2020/741). In order to assess various effluents, from ADP in Portugal, the Almeria Provincial Council and the Guadalquivir River Basin Federation, several mobile plants are being built, one for physical-chemical treatment of 50 m<sup>3</sup>/h, another for advanced filtration of 30 m<sup>3</sup>/h, to be combined with various ultra- and nanofiltration membrane refining skids.

In addition, Newland's European subsidiary Entech is participating with O<sub>3</sub> ozone and UV ultraviolet modules, which enable advanced oxidation and disinfection. A sensor from the Dutch SME MicroLan for on-line microbiological measurements is also being tested.

- **LIFE ZERO WASTE WATER:** In a partnership with Canal Isabel II, the Aqualia-led project is installing a combined treatment unit at the Valdebebas WWTP for Urban Waste Water (UWWW) and the Organic Fraction of Solid Urban Waste (FORSU). It will feed an anaerobic reactor AnMBR of 50 m<sup>3</sup>/d, which will be followed by the ELAN in-line water process, allowing for a carbon neutral treatment footprint. The assessment will assess the management of FORSU at the municipal level, using the sewerage system to transport the mixture in a single stream.

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

- **H2020 SEA4VALUE:** The EureCat technology centre coordinates fourteen partners from seven countries to recover resources from brine concentrated in seawater desalination plants (SWDP). With 100% EU funding, at least eight innovative technological solutions are still being developed at a basic scientific level. The aim is to enrich the most valuable components of seawater (lithium, caesium and rubidium) and to recover critical raw materials (magnesium, boron, scandium, gallium, vanadium, indium, molybdenum and cobalt) to a purity that allows them to be exploited on the market.

The technical and economic impact analysis foresees the implementation of pilot units in the various SWDPs operated by Aqualia, to reinforce Aqualia's Desalination Innovation Centre in Denia and to develop a new platform in Tenerife, adding the development of solutions for the valorisation of brine to the new desalination methods. Work is being done on the solar concentration of brine, selective precipitation of magnesium, obtaining chlorine dioxide, and optimising the remineralisation of permeate with micronised calcite, reducing CO2 consumption, turbidity and the size of the installation.

- **H2020 ULTIMATE:** In the Smart Water Economy call, Aqualia participates in two of the five selected consortia, which receive up to €15 million of EU support per project. In Ultimate, the Dutch technology centre KWR coordinates 27 partners implementing nine demonstrations of synergies between water utilities and industries.

At the Mahou WWTP in Lérida, operated by Aqualia, a fluidised anaerobic reactor (FBBR / Elsar) is being installed on an industrial scale, which will later be compared to an AnMBR to recover biomethane and feed a fuel cell. Yeast co-digestion is also being studied, together with support for another project partner, Aitasa in Tarragona, where Aqualia is building a new industrial effluent treatment plant.

- **H2020 REWAISE:** Of the five projects funded under the EU's Smart Water Economy programme, Aqualia leads the project with the largest business participation, as the twenty-four entities in the consortium include water companies from the UK (Severn Trent), Sweden (Vasyd) and Poland (AquaNet). Together with 7 SMEs and several universities in Croatia, Italy, Poland, Czech Republic, Sweden, and UK, new circular economy and digital management solutions are implemented in "living labs" including Aqualia's operations in Badajoz, Canary Islands, Denia or Vigo.

Rewaise 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 the operation and control of processes and networks to optimise service efficiency and water quality.

- **H2020 NICE:** The project, led by the technology centre CETIM with 14 partners from 9 countries, focuses on natural solutions for the purification and recovery of resources from wastewater, such as wetlands or green swamps. These options for sustainable cities will be implemented in a dozen sites, including Aqualia's facilities in Vigo, Talavera and Algeciras. The pilots integrate developments from SMEs and universities in Denmark, France, Italy and Sweden, and include actions with partners in Colombia and Egypt.

- **LIFE RESEAU:** The RESEAU project aims to increase the resilience of existing sanitation water infrastructure to the impact of climate change. The project led by Aqualia is participated by ITG (Fundación Instituto Tecnológico de Galicia) and VCS (VandCenterSyd AS) in Odense (Denmark). Sensors (for speeds, flow rates, etc.) will be installed in the sewerage network in Moaña (Pontevedra) to monitor and model its behaviour.

A 500 m<sup>3</sup> aerobic granular reactor will also be built at the Moaña WWTP to treat up to 2,000 m<sup>3</sup>/d of wastewater. Compared to conventional activated sludge technology, this advanced biofilm system increases the biological treatment capabilities several times over, improving the WWTP's ability to react to flow variation and limiting the space requirements for its implementation. The environmental impact of the risk management process is also significantly reduced by reducing energy needs and avoiding greenhouse gas emissions.

A new European patent and one American patent was secured in 2021, as a PCT extension of European patents for the year 2020. Three trademarks and a utility model were also registered.

## CONSTRUCTION

FCC Construcción promotes an active policy of technological development, constantly bringing innovation to its projects, with a strong commitment to research and development, sustainability and contribution to the quality of life of society as competitive factors. This innovation policy is coordinated with all other business areas of the Group.

The development and use of innovative technologies to carry out the works is an important contribution to added value and is a differentiating factor in today's highly competitive and internationalised market.

The three types of projects developed by FCC Construcción and its investee companies are: internal projects, projects with other companies in the Group and projects in collaboration with other companies in the sector or other related sectors, often with technology-based SMEs, which enables open innovation projects to be carried out with the participation of the value chain and occasionally in horizontal cooperation. In addition, the presence of universities and technology centres is essential in almost all projects.

In addition, the presence of universities and technology centres is essential in almost all projects.

Some of the projects are carried out in a consortium formed with Public Administrations, as is the case of the European Project LIFE **ZERO IMPACT**, Development and demonstration of an anti-bird strike tubular screen for High Speed Rail lines, in which the Administrator of Railway Infrastructures (Adif) participates. Contact has also been made with several town councils in Catalonia for the implementation of the pilot of a cycle lane of the "**BICISENDAS**" project.

The projects highlighted in 2021 are listed below:

- **ZERO IMPACT:** the project *Development and demonstration of an anti-bird strike tubular screen for High Speed Rail lines*, co-financed by the European Commission's "Life" programme, was conceived to design measures for protecting birdlife with anti-collision screens on High Speed Rail lines
- **ROBIM:** funded by the CIEN programme, financed by CDTI (Centro para el Desarrollo Tecnológico Industrial), and whose objective is an autonomous robotics for inspection and assessment of existing buildings with BIM integration with the development of an automated, active and multidisciplinary technology for inspection, assessment and diagnosis of the

composition and status of conservation and energy efficiency of the building envelopes of the built heritage, which facilitates obtaining accurate and sufficiently detailed information on the construction systems and pathologies and also a comprehensive analysis of the building.

- **REFORM2:** This project, presented to the Catalan Waste Agency, aims to recover the by-product (O/6 porphyry, a by-product originating from the generation of ballast and gravel) of quarry extraction by incorporating it into thermosetting and thermoplastic matrices for different applications.
- **BICISENDAS:** Within the CDTI's CIEN 2018 programme, the aim of which is to develop a Sustainable, Energy Self-Sufficient, Intelligent, Cleaner, Integrated and Safe cycle lane.
- **PIELSEN:** As part of the Challenges-Collaboration programme, it aims to create an immersive 3D Homeostatic Architecture to create adaptive intelligent sensitive skin on Building Façades.
- **SAFE:** This project aims to develop an autonomous system for anchoring of maritime structures. This smart system makes it possible to reduce dependence on human resources, minimise risk, maximise efficiency and increase the safety of field manoeuvres.
- **STARPORTS:** From CDTI's ININTERCONECTA (Canary Islands) programme, it will develop a Distributed Wireless System for monitoring, prevention and action for Coastal Management. It consists of the development of a smart platform capable of providing detailed information on the state of any maritime infrastructure in real time. It is also intended to develop advanced sensor networks that can be integrated within the same infrastructure and allow significant and reliable data on the state of the infrastructure to be obtained.
- **RESALTO:** Approved by CDTI, it aims to research and develop sustainable road elements for speed reduction. There are three main research objectives: power generation, security signalling and connectivity with the environment.
- **SAFETY4D:** CDTI-approved project for developing an advanced and high performance process for occupational risk prevention in construction with implementation of the BIM methodology.
- **ONLYBIM:** Project of the regional programme of IDEPA of the Principality of Asturias whose objective is the development of a module for the design and execution of Non-Linear Works under BIM methodology.
- **GAUDI:** Approved in the call for collaborative projects of CDTI and which consists of the development of a Knowledge Management platform based on Artificial Intelligence algorithms and Content Curation techniques.
- **ACUSCOIN/ECO:** Developed by MATINSA and approved by CDTI, the aim of which is to research an acoustic emission system for assessing corrosion in reinforced concrete infrastructures.
- **DESIRE:** Developed by FCC Industrial and approved by CDTI, its objective is to develop a prototype of a basic RPAS simulator that, with the use of the software developed and the prototype of mixed reality glasses and the tracking system, complements the information presented to the RPAS pilot and the camera operator.
- **CYBERSEC:** Developed by FCC Industrial and approved by CDTI of the CIEN programme, this project entails research into various technologies, techniques, tools, methodologies and knowledge aimed at developing technological solutions for securing against cyber-attacks in

highly critical connected environments, such as Industry 4.0, Smart Cities or critical infrastructures.

- **SAIM:** Project developed by MATINSA and approved by CDTI, aiming to develop a new technological solution to aid environmental management of coastal areas that allows the ecological characterisation of the environment automatically and in real time using information from a new sensorised data collection system, a new satellite information processing algorithm and a new computational simulation model

Research, Development and Innovation (R&DI) is expressly contemplated in the Sustainability Management System under procedure PR/FCC-730. The company holds an RD&I Management System Certificate: RD&I Management System requirements based on Spanish-harmonised standard UNE 166002:2014, certified by AENOR, the Spanish Standardisation and Certification Association. The RD&I management system was certified for the companies MATINSA and FCC Industrial in 2021.

## CEMENT

In 2021, the Cementos Portland Valderrivas Group continued as a leading partner in **BIORECO2VER**, a European R&D project that has been extended this year to cover the accumulated delays resulting from the COVID-19 pandemic.

This project aims to obtain alternative processes for the commercial-scale production of certain chemical products (such as isobutene or lactic acid) in a more sustainable way by capturing industrial CO<sub>2</sub> emissions. The ultimate goal is to use this industrial CO<sub>2</sub> as a raw material and to stop relying on fossil resources for the production of these products.

Technology partners LTU and Enobraq conducted several tests in 2021 on emissions that Cementos Portland Valderrivas provided the research consortium. These tests have produced conclusive results and it has not been necessary to organise further "in situ" emission gas captures.

The conclusions of the project will be presented during the first quarter of 2022.

## 9. OTHER RELEVANT INFORMATION. SHARE AND OTHER INFORMATION

### 9.1. Stock Market performance

	Jan. – Dec. 2021	Jan. – Dec. 2020
Closing price (€)	11.08	8.40*
<i>Change in the period</i>	31.9%	-16.3%
High (€)	11.40	11.56*
Low (€)	8.71	6.77*
Average daily trading (no. of shares)	69,303	74,593
Average daily trading (million euros)	0.7	0.7
Capital at end of period (million euros)	4,711	3,600
No. of shares circulating at closure	425,173,636	409,106,618

\* 2021 Data adjusted for scrip dividend

## 9.2. 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.

## 10. DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES ACCORDING TO ESMA REGULATIONS (2015/1415en)

### EBITDA

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

	Dec. 2021	Dec. 2020
<b>Operating profit/(loss)</b>	<b>802.2</b>	<b>572.7</b>
Amortisation of fixed assets and allocation of grants for non-financial and other assets	443.9	477.3
Impairment and gains/(losses) on disposal of fixed and non-current assets	-123.5	-6.9
Other gains/(losses)	4.0	4.4
<b>EBITDA</b>	<b>1,126.6</b>	<b>1,047.5</b>

### EBIT

This corresponds to the operating profit/(loss) in the consolidated income statement presented in the accompanying consolidated financial statements.

### BACKLOG

The Group uses the backlog as an additional accounting measure in certain areas of our businesses. We calculate the backlog for our Environment, Water and Construction business 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. We include in backlog only amounts to which clients are obligated by a signed contract or firm order.

In the Environment 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 price and schedule changes that are agreed with clients. 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.

In the Real Estate area, the FCC Group calculates the backlog as the amount of the collection corresponding to the sales of homes pending completion at year-end.

#### **NET FINANCIAL DEBT**

Net financial debt is defined as total gross financial debt (current and non-current) less current financial assets, cash and other current financial assets. The calculation of net debt is provided in note 30 to the consolidated financial statements.

#### **VOLUNTARY TURNOVER RATE**

Ratio of voluntary departures during the year to staff. Both voluntary departures and leaves of absence are considered to be low.

### **11. ANNUAL CORPORATE GOVERNANCE REPORT**

The Annual Corporate Governance Report is available on the website of the National Securities Market Commission and on the issuer's website.

<https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=1&nif=A-28037224>

### **12. NON-FINANCIAL INFORMATION STATEMENT**

**Auditor's Report on Information Relating to Internal  
Control Over Financial Reporting (ICFR) of FOMENTO DE  
CONSTRUCCIONES Y CONTRATAS, S.A. for the year  
ended December 31, 2021**



## AUDITOR'S REPORT ON "INFORMATION RELATING TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)"

(Translation of a report and the information relating to the internal control over financial reporting originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails).

To the Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

As requested by the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereinafter, the Company) and our proposal letter of January 27, 2022, we have applied certain procedures in relation to the accompanying "ICFR disclosures" of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A for the year ended December 31, 2021, which summarizes the Company's internal control procedures in respect of its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance, and supervision of an adequate internal control system as well as developing improvements to that system and preparing and establishing the content of the accompanying ICFR-related information.

It should be noted that irrespective of the quality of the design and operability of the internal control system adopted by the Company in relation to its annual financial reporting, it can only provide reasonable, rather than absolute assurance with respect to the objectives pursued, due to the inherent limitations to any internal control system.

In the course of our financial statement audit work and in keeping with Spain's Technical Auditing Standards, the sole purpose of our assessment of the Company's internal controls was to enable us to establish the scope, nature, and timing of the Company's financial statement audit procedures. Accordingly, our internal control assessment, performed in connection with the financial statement audit, was not sufficiently broad in scope to enable us to issue a specific opinion on the effectiveness of the internal controls over the annual financial disclosures that the Company is required to present.

For the purpose of issuing this report, we exclusively applied the specific procedures described below and indicated in the Guidelines on the Auditor's Report on Information Relating to The Internal Control Over Financial Reporting of listed companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of the abovementioned procedures performed was limited and substantially less than that of an audit carried out in accordance with generally accepted accounting principles, we have not expressed an opinion regarding its efficacy, design, or operational effectiveness regarding the Entity's 2021 financial data described in the accompanying ICOFR information. As a result, had we performed additional procedures to those stipulated in the abovementioned Guidelines or had we performed an audit or review of the internal controls over the annual financial disclosures that the Company is required to present, other matters might have come to our attention that would have been reported to you.

Furthermore, given that this special assignment neither constitutes a financial statement audit nor is it subject to prevailing audit regulations in Spain, we do not express an audit opinion in the terms provided for in said regulations.

The procedures performed were the following:

1. Read and understand the information prepared by the Company in relation to the ICFR -which is disclosed in the Annual Corporate Governance Report disclosure information included in the Directors' Report-and assess whether such information addresses all the required information which will follow the minimum content detailed in paragraph F, relating to the description of the ICFR, as per the model Annual Corporate Governance Report established by CNMV Circular nº 5/2013 of June 12, 2013 of the CNMV and subsequent amendments, the most recent being CNMV Circular nº 3/2021 of September 28 (hereinafter, the CNMV Circulars).
2. Making inquiries of personnel in charge of preparing the information described in point 1 above in order to: (i) obtain an understanding of the process followed in its preparation; (ii) obtain information which will allow us to assess whether the terminology used is adapted to the definitions provided in the reference framework definitions; (iii) obtain information on whether the control procedures described are implemented and in use by the Company.
3. Reviewing the explanatory documentation supporting the information detailed in item 1 above, including documents directly made available to those responsible for describing ICFR systems. This documentation includes reports prepared by the Internal Audit Department, senior management, and other internal and external experts in their role supporting the audit and control committee.
4. Comparing the information detailed in item 1 above with their knowledge of the Company's ICFR obtained through the external audit procedures applied during the annual audit of the financial statements.
5. Reading of the minutes taken at meetings of the board of directors, audit and control committee, and other committees of the Company to evaluate the consistency between the ICFR businesses transacted and the information detailed in item 1 above.
6. Obtaining a management representation letter in connection with the work performed, signed by those responsible for preparing and authorizing the information detailed in item 1 above.

The specific procedures carried out in respect of the Company's ICFR disclosures did not reveal any inconsistencies or incidents that could affect such disclosures.

This report was prepared exclusively under the scope of the requirements stipulated in article 540 of the Consolidated Text of Spain's Corporate Enterprises Act and the CNMV circulars on ICFR-related descriptions in listed companies' Annual Corporate Governance Reports.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

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Fernando González Cuervo

February 24, 2022