Audit Report on Annual Accounts
issued by an Independent Auditor

FCC Medio Ambiente, S.A.U.
Annual Accounts and Management Report
for the year ended
December 31, 2021

Building a better
working world

Ernst & Young, S.L.
Calle de Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

# AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails. (See Note 25)

To the sole shareholders of FCC Medio Ambiente, S.A.U.:

## Opinion

We have audited the financial statements of FCC Medio Ambiente, S.A.U. (the Company), which comprise the balance sheet as at December 31, 2021, the income statement, the statement of changes in equity, the statement of cash flow, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

## Basis for opinion

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

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

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

## Most relevant audit issues

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

### *Recognition of uninvoiced accrued revenue*

**Description**

The Company recognises part of its revenue with a balancing entry to uninvoiced work for those contracts in which the amount accrued for the service rendered is higher than the amount invoiced, i.e., those for which part of the revenue has not yet been invoiced at the reporting date.

"Trade and other receivables" on the balance sheet as at 31 December 2021 includes 149,023 thousand euros relating to uninvoiced work recognized as revenue at the reporting date.

The recognition and measurement of uninvoiced accrued revenue at each reporting date entails estimates that require Management to make judgements to establish the assumptions underlying those estimates, e.g., estimating work carried out based on contractual terms and the actual invoicing for the remaining months of the year.

Given the complexity of making the estimates to determine uninvoiced accrued revenue, and due to the relevance of the amount of uninvoiced completed work recognized as revenue at 31 December 2021, we determined this to be a most relevant audit issue.

The information related to the measurement policies and principal assumptions applied when determining uninvoiced accrued revenue, as well as the disclosures related to uninvoiced completed work, is provided in Notes 4.i) and 11 of the accompanying financial statements.

**Our response**

Our audit procedures related to this matter included:

- Understanding the process designed by Management to recognise uninvoiced accrued revenue, assessing the design and implementation of the relevant controls in place in that process.
- Selecting a sample of contracts obtained from supporting documentation, including evidence of subsequent certification, invoicing and/or collection to evaluate the reasonableness of Management's assumptions in connection with these estimates.
- Assessing the reasonableness of the amounts recorded for uninvoiced completed work for a selected sample of contracts, taking into account, among other factors, trends observed in comparable prior years.
- Reviewing the disclosures made in the notes to the financial statements, assessing whether they are in conformity with the applicable financial reporting framework.

## Other matters

On April 26, 2021, other auditors issued their audit report on the 2020 financial statements, in which they expressed an unmodified opinion.

## Other information: management report

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

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

a. Checking only that the non-financial statement has been provided as stipulated by applicable regulations and, if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the management report with the financial statements, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the 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 management report is consistent with that provided in the 2021 financial statements and its content and presentation are in conformity with applicable regulations.

## Directors' responsibilities for the financial statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

April 7, 2022

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

**BALANCE SHEET AT 31 DECEMBER 2021**

**(in thousands of euros)**

| ASSETS | | 31/12/2021 | | 31/12/2020 |
|---|---|---|---|---|
| **NON-CURRENT ASSETS** | | **665,959** | | **643,570** |
| **Intangible assets** (Note 5) | | **104,063** | | **94,543** |
| **Property, plant and equipment** (Note 6) | | **329,694** | | **306,878** |
| Land and buildings | 34,198 | | 36,025 | |
| Other property, plant and equipment | 295,496 | | 270,853 | |
| **Investments in Group companies and associates** (Notes 10.a and 21.b) | | **172,214** | | **180,878** |
| Equity instruments | 106,367 | | 105,544 | |
| Loans to companies | 65,847 | | 75,334 | |
| **Non-current financial assets** (Note 9.a) | | **16,575** | | **23,107** |
| **Deferred tax assets** (Note 18) | | **11,188** | | **11,136** |
| **Non-current financial assets** (Note 8) | | **32,225** | | **27,028** |
| **CURRENT ASSETS** | | **772,481** | | **763,974** |
| **Inventories** | | **6,651** | | **6,650** |
| **Trade and other receivables** | | **578,226** | | **598,860** |
| Trade receivables for sales and services (Note 11) | 492,775 | | 524,750 | |
| Clients, group companies and associates (Note 21.b) | 60,522 | | 47,605 | |
| Receivables from public administrations (Note 18) | 9,131 | | 7,955 | |
| Other receivables | 15,798 | | 18,550 | |
| **Current investments in Group companies and associates** (Notes 10.b and 21.b) | | **78,835** | | **58,961** |
| **Current financial assets** (Note 9.b) | | **6,620** | | **7,635** |
| **Current accrued expenses and deferred income** | | **1,793** | | **2,075** |
| **Cash and cash equivalents** | | **100,356** | | **89,793** |
| **TOTAL ASSETS** | | **1,438,440** | | **1,407,544** |

Notes 1 to 24 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the financial statements for the 2021 financial year.

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

| EQUITY AND LIABILITIES | | 31/12/2021 | | 31/12/2020 |
|---|---|---|---|---|
| **EQUITY** (Note 13) | | **752,246** | | **688,834** |
| **Shareholders' equity** | | **744,390** | | **681,164** |
| **Capital** | | **50,000** | | **50,000** |
| Registered capital | 50,000 | | 50,000 | |
| **Share premium** | | **468,564** | | **468,564** |
| **Reserves** | | **134,374** | | **65,490** |
| **Profit and loss** | | **91,452** | | **97,110** |
| **Other equity instruments** | | **7,856** | | **7,670** |
| **Valuation adjustments** | 7,275 | | 7,028 | |
| **Grants, donations and legacies received** | 581 | | 642 | |
| **NON-CURRENT LIABILITIES** | | **253,078** | | **248,307** |
| **Non-current provisions** (Note 14) | | **68,184** | | **65,997** |
| **Non-current payables** (Note 15) | | **24,461** | | **28,145** |
| Bank debt | 19,355 | | 21,728 | |
| Other financial liabilities | 5,106 | | 6,417 | |
| **Non-current payables to Group companies and associates** (Notes 10.c and 21.b) | | **146,332** | | **141,682** |
| **Deferred tax liabilities** (Note 18) | | **11,611** | | **9,228** |
| **Trade and other payables Non-current** | | **2,490** | | **3,255** |
| **CURRENT LIABILITIES** | | **433,116** | | **470,403** |
| **Current provisions (Note 14)** | | **3,287** | | **3,129** |
| **Current payables** (Note 15) | | **20,280** | | **24,027** |
| Bank debt | 3,811 | | 8,318 | |
| Other financial liabilities | 16,469 | | 15,709 | |
| **Current payables to Group companies and associates** (Notes 10.d and 21.b) | | **194,841** | | **214,185** |
| **Trade and other payables** | | **214,708** | | **229,062** |
| Suppliers | 101,880 | | 103,383 | |
| Suppliers, Group companies and associates (Note 21.b) | 13,787 | | 19,042 | |
| Other payables to public administrations (Note 18) | 58,186 | | 62,483 | |
| Other payables | 40,855 | | 44,154 | |
| **TOTAL EQUITY AND LIABILITIES** | | **1,438,440** | | **1,407,544** |

Notes 1 to 24 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the financial statements for the 2021 financial year.

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

**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

**(in thousands of euros)**

| | 31/12/2021 | 31/12/2020 |
|---|---|---|
| **CONTINUING OPERATIONS** | | |
| **Revenue** | **1,446,311** | **1,352,643** |
| Sales and services (Note 20) | 1,426,914 | 1,319,066 |
| Income from interests in Group companies and associates (Notes 20 and 21.a) | 15,914 | 27,564 |
| Financial income from marketable securities and other financial instruments in Group companies and associates (Notes 20 and 21.a) | 3,483 | 6,013 |
| **Supplies** | **(214,995)** | **(185,708)** |
| **Other operating income** | **59,912** | **84,124** |
| **Staff expenses** (Note 20) | **(915,246)** | **(866,640)** |
| **Other operating expenses** | **(174,589)** | **(174,466)** |
| **Depreciation and amortisation of fixed assets and allocation of subsidies** (Notes 5, 6 and 13.e) | **(74,257)** | **(77,856)** |
| **Provision surpluses** | **4,171** | **2,942** |
| **Impairment and gains/(losses) on disposal of non-current assets and others** **Results** | **(2,760)** | **(4,471)** |
| **OPERATING PROFIT/(LOSS)** | **128,547** | **130,568** |
| **Financial income** | **856** | **328** |
| Interests in equity instruments in third parties | 663 | - |
| From marketable securities and other financial instruments of third parties | 193 | 328 |
| **Financial expenses** | **(12,643)** | **(9,188)** |
| Payables to Group companies and associates (Note 21.a) | (9,814) | (4,176) |
| Third party debts | (2,015) | (4,128) |
| Restatement of provisions | (814) | (884) |
| **Exchange differences** | **-** | **158** |
| **Impairment and profits/(losses) on disposals of financial instruments** (Note 10) | **(673)** | **(1,181)** |
| **FINANCIAL PROFIT/(LOSS)** | **(12,460)** | **(9,883)** |
| **PROFIT/(LOSS) BEFORE TAX** | **116,087** | **120,685** |
| **INCOME TAX (Note 18)** | **(24,635)** | **(23,575)** |
| **PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS** | **91,452** | **97,110** |
| **PROFIT/(LOSS) FOR THE YEAR** | **91,452** | **97,110** |

Notes 1 to 24 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the financial statements for the 2021 financial year.

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

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021**
**(in thousands of euros)**

**A) STATEMENT OF RECOGNISED INCOME AND EXPENSES**

**(in thousands of euros)**

| | 31/12/2021 | 31/12/2020 |
|---|---|---|
| **Profit/(loss) as per income statement** | **91,452** | **97,110** |
| **Income and expense recognised directly in equity** | | |
| Arising from cash flow hedges | 330 | 244 |
| Grants, donations and legacies received | - | - |
| Tax effect | (83) | (61) |
| **Income and expenses recognised directly in equity** | **247** | **183** |
| **Write-offs to profit and loss statement** | | |
| Grants, donations and legacies received | (78) | (66) |
| Tax effect | 17 | 17 |
| **Total transfers to the income statement** | **(61)** | **(49)** |
| **TOTAL RECOGNISED INCOME AND EXPENSE** | **91,638** | **97,244** |

Notes 1 to 24 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the financial statements for the 2021 financial year.

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

**B) STATEMENT OF CHANGES IN EQUITY (in thousands of euros)**

| | Capital stock (Note 13.a) | Share premium (Note 13.b) | Reserves (Note 13.c) | Profit/(loss) for the year | Valuation adjustments (Notes 12 and 13.d) | Subsidies (Note 13.e) | Equity |
|---|---|---|---|---|---|---|---|
| **Equity at 31 December 2019** | **50,000** | **468,564** | **99,634** | **97,490** | **6,918** | **692** | **723,298** |
| **Total recognised income and expenses** | **-** | **-** | **-** | **97,110** | **183** | **(49)** | **97,244** |
| **Transactions with shareholders or owners** | **-** | **-** | **(160,063)** | **-** | **-** | **-** | **(160,063)** |
| Transactions with shares or equity interests (net) | - | - | (160,063) | - | - | - | (160,063) |
| **Other changes in net equity** | **-** | **-** | **125,919** | **(97,490)** | **(73)** | **(1)** | **28,355** |
| **Equity at 31 December 2020** | **50,000** | **468,564** | **65,490** | **97,110** | **7,028** | **642** | **688,834** |
| **Application of Royal Decree 1/2021 of January 12 (Note 2)** | | | **(28,923)** | | | | **(28,923)** |
| **Total recognised income and expenses** | **-** | **-** | **-** | **91,452** | **247** | **(61)** | **91,638** |
| **Transactions with partners or owners** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Other changes in net equity** | **-** | **-** | **97,807** | **(97,110)** | **-** | **-** | **697** |
| Distribution of 2020 profit | - | - | 97,110 | (97,110) | - | - | - |
| Increases by business combinations (Note 2) | - | - | 697 | - | - | - | 697 |
| **Equity at 31 December 2021** | **50,000** | **468,564** | **134,374** | **91,452** | **7,275** | **581** | **752,246** |

Notes 1 to 24 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the financial statements for the 2021 financial year.

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

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021 (in thousands of euros)

| | 31/12/2021 | | 31/12/2020 | |
|---|---|---|---|---|
| **Profit for the year before tax** | | **116,087** | | **120,685** |
| **Adjustments to profit/(loss)** | | **68,502** | | **51,701** |
| Depreciation and amortisation of fixed assets and allocation of subsidies | 74,257 | | 77,856 | |
| Impairment loss allowances (Note 10) | 561 | | 727 | |
| Changes in provisions (Note 14) | 1,016 | | (7,659) | |
| Gains/(losses) from derecognition and disposal of non-current assets | 271 | | 4,471 | |
| Gains/(losses) from derecognition and disposal of financial instruments | 0 | | 1,181 | |
| Financial income | (20,252) | | (33,905) | |
| Financial expenses | 12,643 | | 9,188 | |
| Exchange differences | 0 | | (158) | |
| Other income and expenses | 6 | | | |
| **Changes in working capital** | | **(24,535)** | | **(179,186)** |
| Trade and other receivables | (7,400) | | (122,747) | |
| Trade and other payables | (17,135) | | (56,603) | |
| Other current assets and liabilities | 0 | | 164 | |
| **Other cash flows from operating activities** | | **(19,670)** | | **7,889** |
| Interest paid | (6,955) | | (7,604) | |
| Interest and dividends received | 16,305 | | 34,102 | |
| Income tax refunded/(paid) (Note 18) | 2,303 | | (20,382) | |
| Other receipts and (payments) | (31,323) | | 1,773 | |
| **TOTAL CASH FLOWS FROM OPERATING ACTIVITIES** | | **140,384** | | **1,089** |
| **Payments on investments** | | **(129,823)** | | **(87,135)** |
| Group companies and associates (Note 10) | (19,876) | | - | |
| Intangible assets asset and property, plant and equipment (Notes 5 and 6) | (103,730) | | (80,004) | |
| Other financial assets | (6,217) | | (7,131) | |
| **Proceeds from divestments** | | **19,869** | | **79,656** |
| Group companies and associates (Note 10) | 9,487 | | 78,587 | |
| Intangible assets asset and property, plant and equipment (Notes 5 and 6) | 2,511 | | 1,069 | |
| Other financial assets | 7,871 | | - | |
| **TOTAL CASH FLOWS FROM INVESTING ACTIVITIES** | | **(109,954)** | | **(7,479)** |
| **Proceeds from (payments on) financial liabilities (Note 15)** | | **(19,867)** | | **137,484** |
| Issuance of: | | | | |
| Bank debt | 26,149 | | 142,648 | |
| Payables to Group companies and associates | 4,650 | | 888 | |
| Other payables | 1,414 | | - | |
| Repayment and amortisation of: | | | | |
| Bank debt | (34,645) | | (6,052) | |
| Payables to Group companies and associates | (16,010) | | | |
| Other payables | (1,425) | | - | |
| **Dividend payments and remuneration on other equity instruments** | | | | **(160,063)** |
| **TOTAL CASH FLOWS FROM FINANCING ACTIVITIES** | | **(19,867)** | | **(22,579)** |
| **Effect of changes in exchange rates** | | | | **(479)** |
| **NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS** | | **10,563** | | **(29,448)** |
| **Cash and cash equivalents at the start of the period** | | **89,793** | | **119,241** |
| **Cash and cash equivalents at the end of the period** | | **100,356** | | **89,793** |

The accompanying Notes 1 to 24 and annexes I to III are an integral part of the financial statements and together make up these financial statements for the year 2021.

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

# NOTES TO THE FINANCIAL STATEMENTS AT 2021 YEAR-END

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

## 1. COMPANY ACTIVITY

FCC Medio Ambiente, S.A.U is a company incorporated in Spain under the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*). According to its articles of association, the company's corporate purpose is municipal sanitation, engaging in services related to the collection and processing of solid waste and sanitation of public roads and drainage, the treatment of industrial waste, including both the construction and operation of plants, and energy recovery from waste.

Its registered office is at C/ Federico Salmon No. 13, Madrid.

On 7 December 2019, the Company registered its sole proprietorship status in the Mercantile Registry. Furthermore, the Company does not have any contracts with its Sole Shareholder beyond those broken down in Note 21.

*Segregation of the environmental services branch of activity*

At its meeting on 8 May 2019, the Ordinary General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A., resolved to approve the corporate reorganisation of the Group's environmental services activities and the allocation of core assets (spinoff) in this area to FCC Medio Ambiente, S.A.U. As a result, on 5 September 2019 the deed titled "Spinoff between Fomento de Construcciones y Contratas, S.A. (as the segregated company) and FCC Medio Ambiente, S.A.U. (as the beneficiary company)" was signed, whereby the former segregated a portion of its assets, including:

- Collection, treatment and disposal of municipal solid wastes, cleaning of public roads, building maintenance, municipal sanitation and maintenance of green spaces and beaches.
- Activities related to industrial waste management and treatment services performed directly in Spain by the company divesting the assets.
- Financial holdings in a number of commercial companies through which it performs these activities.

The above activities represent an autonomous and independent business unit transferred as a block by universal succession to the entity FCC Medio Ambiente, S.A.U., pursuant to the provisions of Articles 71, 73 and subsequent articles of Law 3/2009, of 3 April, on structural modifications of commercial companies. The beneficiary company therefore subrogates the position of Fomento de Construcciones y Contratas, S.A. in relation to all of the assets, rights, actions, obligations, holdings, responsibilities and charges relating to the spun off assets and liabilities by universal succession.

FCC Group undertook this operation to streamline its organisational structure by organising the entire environmental services business line under an independent entity to optimise commercial, business and financial risk management through greater specialisation and a sharper individual focus.

Subsequently, a corporate reorganisation was carried out by transferring financial holdings in various companies engaged in activities relating to industrial waste management and treatment services, carried out in Spain by FCC Servicios Medio Ambiente Holding, S.A.U., a company wholly owned by Fomento de Construcciones y Contratas, S.A. (Note 10).

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

During the 2020 financial year, adjustments were made to certain investments, which led to an increase in the shares and reserves amounting to 28,355 thousand euros.

Merger by absorption in 2021

The governing bodies of the companies FCC Medio Ambiente, S.A.U. and Compañía Catalana de Servicios, S.A.U. approved the joint merger by absorption on 30 June 2021 between FCC Medio Ambiente, S.A.U., as the absorbing company, and Compañía Catalana de Servicios, S.A. (as the absorbed company). The approved merger balance sheets correspond to those closed on 31 December 2020.

The merger took place following the simplified procedure provided for in Article 49.1 of the Spanish Law on Restructurings (*Ley de Modificaciones Estructurales*), given that the absorbing company is the sole shareholder of the absorbed company, as expressed in the Merger Plan and in accordance with the unanimous resolution passed by the sole shareholder of both companies, pursuant to Article 42 of the same Law.

As a consequence of the merger, the assets of Compañía Catalana de Servicios, S.A.U. were transferred en bloc to FCC Medio Ambiente, S.A.U., whereupon the former was dissolved and all its shares redeemed and cancelled. The operations of the absorbed Company were considered to have been carried out for accounting purposes by the absorbing company as from 1 January 2021.

As they are companies belonging to the same group, the assets and liabilities acquired were valued at their carrying amounts in the consolidated financial statements of the FCC Group at 1 January 2020, in accordance with Recognition and Measurement Standard 21 of the Spanish National Chart of Accounts (*Plan General de Contabilidad*).

The date from which the operations of the absorbed company should be considered to be carried out by FCC Medio Ambiente, S.A. is 1 January 2021. The merger generated an impact on reserves of 697 thousand euros.

The merger was subject to the tax neutrality regime provided for in Title VII, Chapter VIII of Royal Legislative Decree 27/2014 of 27 November, enacting the Consolidated Text of the Corporate Income Tax Law (*Ley del Impuesto sobre Sociedades*).

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

The merger balance sheet of the acquired company as at 31 December 2020 is attached below:

**CATALANA DE SERVICIOS, S.A.U.**
Figures expressed in euros

| ASSETS | | 31/12/2020 |
|---|---|---|
| **NON-CURRENT ASSETS** | | **1,014,351** |
| Intangible assets | | |
| Property, plant and equipment | | |
| Non-current investments in Group companies and associates | | 1,014,351 |
| Equity instruments | 1,014,351 | |
| Non-current financial assets | | |
| Deferred tax assets | | |
| Non-current trade receivables | | |
| **CURRENT ASSETS** | | **9,732** |
| Inventories | | |
| Trade and other receivables | | 0 |
| Current investments in Group companies and associates | | 76 |
| Current financial assets | | |
| Current accrued expenses and deferred income | | |
| Cash and cash equivalents | | 9,656 |
| **TOTAL ASSETS** | | **1,024,083** |

| EQUITY AND LIABILITIES | | 31/12/2020 |
|---|---|---|
| **EQUITY** | | **726,512** |
| Shareholders' equity | | 726,512 |
| Capital | | 300,000 |
| Registered capital | 300,000 | |
| Reserves | | 426,662 |
| Profit and loss | | -150 |
| Valuation adjustments | | |
| Grants, donations and legacies received | | |
| **NON-CURRENT LIABILITIES** | | **0** |
| Non-current provisions | | |
| Non-current payables | | 0 |
| Non-current trade and other payables | | |
| **CURRENT LIABILITIES** | | **297,571** |
| Current provisions | | |
| Current payables | | 0 |
| Current payables to Group companies and associates | | 297,484 |
| Trade and other payables | | 87 |
| Other accounts payables to public authorities | 87 | |
| **TOTAL EQUITY AND LIABILITIES** | | **1,024,083** |

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

## 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

These financial statements were prepared from the accounting records of FCC Medio Ambiente, S.A.U. and of the joint ventures in which it is involved, pursuant to the Code of Commerce, Legislative Royal Decree 1/2010, of 2 July, approving the consolidated text of the Spanish Corporate Enterprises Act and the amendments introduced by Law 31/2014, of 3 December, and Royal Decree 1514/2007, which introduced the Spanish General Chart of Accounts, together with its amendment, incorporated by Royal Decree 602/2016, of 2 December. Additionally, on 30 January 2021, Royal Decree 1/2021 of 12 January was published, amending the General Chart of Accounts approved by Royal Decree 1514/2007 of 16 November. The changes to the General Accounting Plan are applicable to financial years beginning on or after 1 January 2021 and are mainly focused on the criteria for the recognition, measurement and breakdown of income and financial instruments. The accounting policies and standards contained in the regulatory amendments of Royal Decree 1159/2010, of 17 September, and sector plans, including Order EHA/3362/2010, enacting the accounting plan of public infrastructure concessionary companies, and all applicable obligatory standards, resolutions and recommendations of the Spanish Accounting and Audit Institute (ICAC) have also been included. Accordingly, these financial statements present a fair view the company's equity, financial position, results and cash flows in the corresponding financial year.

In particular, it should be noted that as a result of the publication in 2009 by the ICAC of a consultation relating to the accounting recognition of income from holding companies, "Income from investments in Group companies and associates" and "Finance income from marketable securities and other financial instruments of Group companies and associates" are recognised under "Revenue" in the accompanying income statement.

These financial statements, which have been prepared by the Company's Board of Directors, will be submitted for approval by Single Shareholder and it is believed that they will be approved without any modification. The 2020 financial statements were approved by the Sole Shareholder on 7 May 2021.

The financial statements are expressed in thousands of euros.

<u>Application of Royal Decree 1/2021 of January 12</u>.

The Company adopted the amendments made to the General Chart of Accounts (Royal Decree 1/2021) as of 1 January 2021 using the modified retroactive method. Under this method, the standard may be applied to all contracts for the sale of goods and the provision of services existing at the date of initial application, or only to contracts that have not been completed at that date. The Company has elected to apply the standard to all contracts existing at 1 January 2021. The cumulative effect of the initial application of the amendment to the PGC (Royal Decree 1/2021) is recognised on the date of initial application as an adjustment to the opening balance of the income statement of prior years. Therefore, the comparative information has not been restated and continues to be presented in accordance with the previous standards.

The impact on initial reserves for 2021 amounting to 28,923 thousand euros is mainly due to contract claims previously recognised as it is probable that under the new criteria ("highly probable") their recognition will be limited.
As the company is part of the FCC Group, whose parent company is Fomento de Construcciones y Contratas, S.A., it has adopted the new revenue recognition and measurement criteria set out in the Royal Decree since January 2018. The impact on the balance sheet headings has yet to be

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

recognised. The first-time impact of the amendments to the General Chart of Accounts on the recognition of revenue from sales and services is as follows:

| | Impact of first application of revenue rules under Royal Decree 1/2021 |
|---|---|
| **NON-CURRENT ASSETS** | |
| **CURRENT ASSETS** | **(28,923)** |
| Trade and other receivables | (28,923) |
| **TOTAL ASSETS** | **(28,923)** |
| **EQUITY** | **(28,923)** |
| Reserves | (28,923) |
| **NON-CURRENT LIABILITIES** | |
| **CURRENT LIABILITIES** | |
| **TOTAL EQUITY AND LIABILITIES** | **(28,923)** |

Joint ventures and similar entities

The balance sheets, income statements, statements of changes in equity and cash flow statements of the joint ventures in which the company participates were incorporated by the proportional consolidation method, based on the percentage ownership of each joint venture.

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

The balance sheet and income statement include the balance sheet aggregates at the percentage of ownership in the joint ventures shown below:

| | 2021 | 2020 |
|---|---|---|
| Revenue | 219,785 | 184,132 |
| Operating profit/(loss) | 18,566 | 13,587 |
| Non-current assets | 123,368 | 117,490 |
| Current assets | (151,743) | 136,592 |
| Equity | 14,748 | 8,797 |
| Non-current liabilities | 26,310 | 30,404 |
| Current liabilities | (69,433) | 214,881 |

The joint ventures and percentage holdings are listed in Appendix II.

Grouping of headings

Certain balance sheet, income statement and cash flow statement headings have been grouped together so that they may be more easily understood; in any event, all significant information is broken down separately in the corresponding notes to the financial statements.

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

Consolidated financial statements

The Company is exempted from the obligation to prepare consolidated financial statements pursuant to the applicable legislation, articles 43 of the Spanish Commercial Code and 7 of the Rules for the Preparation of the Consolidated Financial Statements of Royal Decree 1159/2010 of 17 September, since it is a subsidiary of the FCC Group, whose parent company is Fomento de Construcciones y Contratas, S.A., with registered office at c/ Balmes, 36, Barcelona 08007, Spain, and whose shares have been admitted for official trading on the four Spanish stock markets (Madrid, Barcelona, Bilbao and Valencia) through the Stock Exchange Interconnection System (Continuous Market). The consolidated financial statements and management report of Fomento de Construcciones y Contratas S.A. for 2020 were approved by the shareholders at the Annual General Meeting held on 29 May 2021 and filed with the Barcelona Mercantile Register.

The consolidation of the unaudited financial statements for 2021 of FCC Medio Ambiente S.A.U. and Subsidiaries prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) would present attributable consolidated equity, assets and attributable consolidated profit of 839,801 thousand euros, 1,680,479 thousand euros and 117,390 thousand euros, respectively (of 724,216 thousand euros, 1,583,308 thousand euros and 106,040 thousand euros, respectively, during 2020).

Restatements

No restatements were made in the current financial statements.

Comparison of information

The information contained in these notes to the financial statements for 2020 is presented for purposes of comparison with the information for 2021.

## 3. DISTRIBUTION OF PROFIT

The proposed distribution of profits made by the Company's directors and to be submitted for approval by the Sole Shareholder is as follows (in thousands of euros):

| | 2021 |
|---|---|
| Profit/(loss) for the year, before distribution (thousand of euros) | 91,452 |
| Distribution | |
| To voluntary reserves | 91,452 |

## 4. RECOGNITION AND MEASUREMENT STANDARDS

The following main recognition and measurement bases were used by the company when drawing up the 2021 financial statements, in accordance with the Spanish General Chart of Accounts:

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

## a) Intangible assets

### a.1) Concession arrangements

Concession arrangements that meet the conditions detailed below are recognised pursuant to Order EHA/3362/2010, approving the rules for adapting the Spanish General Chart of Accounts to public infrastructure concessionaire companies. In general, two clearly differentiated phases exist:

- In the first phase, the concessionaire renders construction or upgrade services, which are recognised in conformity with registration and measurement base no. 14 Income from sales and services of the Spanish General Chart of Accounts and the rules on the percentage of completion method, contained in measurement base no. 18 Sales, income from work performed and other income of the rules for the adaptation of the Spanish General Chart of Accounts to construction firms, with a balancing entry as an intangible or financial asset.

- The second phase consists of a series of services for the maintenance or operation of such infrastructure, which are recognised in line with registration and measurement base no. 14 Income from sales and services of the Spanish General Chart of Accounts.

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. There may also be mixed arrangements in which demand risk is shared between the concessionaire and the grantor, although this is virtually non-existent at the company.

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 Meanwhile, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred.

The initial measurement of intangible assets also includes the borrowing costs attributable to infrastructure financing accrued during the construction phase and until the related infrastructure is put to use. From the date on which the infrastructure is in an operative state, the aforementioned expenses will be capitalised, provided that they comply with the regulatory requirements, when there is reasonable evidence that future income will enable the capitalised amount to be recovered.

These intangible assets are amortised in accordance with the demand for or use of the infrastructure, understood to be the performance and best estimate of the production units of each activity.

Concession arrangements recognised as financial assets are measured at the fair value of the construction or upgrade services rendered. Under the amortised cost method, the corresponding finance income is allocated to profit or loss as revenue, in accordance with the effective interest rate arising from the expected flow of receipts and payments from the concession. Financial expenses arising from the financing of these assets are classified under “Financial expenses” in

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

the income statement. As mentioned previously, with regard to maintenance or operation services, income and costs are allocated to income in line with registration and measurement base no. 14 Income from sales and services of the Spanish General Chart of Accounts.

a.2) Other intangible assets

The remaining intangible assets, basically software applications, are recognised at their acquisition or production cost and subsequently, at cost less any accumulated amortisation and any accumulated impairment losses. At year-end, no signs of losses in value were identified in any of the company's intangible assets related with this heading.

Maintenance costs are recognised in the income statement for the period in which they are incurred.

Generally, intangible assets are amortised over their useful lives on a straight-line basis.

**b) Property, plant and equipment**

Items of property, plant and equipment are measured initially at acquisition or production cost when the company has performed in-house work on its non-current assets, and are subsequently carried net of accumulated depreciation and any impairment losses. At year-end, no signs of significant losses in value were identified in any of the company's property, plant and equipment, and the recoverable amount of the assets was not lower than their carrying amount. Upkeep and maintenance costs relating to property, plant and equipment are taken to the income statement in the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

For property, plant and equipment that necessarily takes a period of more than 12 months to get ready for their intended use, the capitalised costs include such borrowing costs as might have been incurred before the assets are ready for their intended use and which have been charged by the supplier or relate to loans or other specific-purpose or general purpose borrowings directly attributable to the acquisition or manufacturing of the assets.

The company's in-house work on property, plant and equipment is recorded at the accumulated cost resulting from external costs, in-house costs determined on the basis of the in-house consumption of materials, direct labour costs and general manufacturing overheads.

The Company depreciates its property, plant and equipment on a straight-line basis, using annual rates based on the years of estimated useful life of the assets, as follows:

| | Years of estimated useful life |
|---|---|
| Buildings and other constructions | 25 - 50 |
| Plant and machinery | 5 – 12 |
| Other installations, tools and furniture | 5 – 12 |
| Other property, plant and equipment | 4 – 10 |

However, some contracts may have terms shorter than the useful life of the related property, plant and equipment, in which case they are depreciated over the term of the contract.

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

## c) Impairment of intangible assets and property, plant and equipment

All of the company's intangible assets and property, plant and equipment have a finite useful life and it therefore performs impairment tests to estimate the possible existence of losses that cause their recoverable amount to fall below their carrying amount.
The recoverable amount is the higher of fair value less costs to sell and value in use. To calculate the recoverable amount of assets subject to impairment tests, the present value of the net cash flows originating from the associated cash-generating units (CGUs) is estimated, and a pre-tax discount rate is used to discount cash flows; this discount rate includes the current market assessments of the time value of money and the risks specific to each cash-generating unit.

Where an impairment loss on the assets is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, up to the limit of the carrying amount that would have been determined had no impairment loss been recognised in prior years. The reversal of an impairment loss is recognised as income in the income statement.

## d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards incidental to ownership of the leased asset to the lessee. Other leases are classified as operating leases.

### d.1) Finance leases

For finance leases in which the company acts as the lessee, the cost of leased assets is recognised in the balance sheet by the nature of the leased asset and, simultaneously, a liability is booked for the same amount. This amount will be the lower of the fair value of the leased asset and the present value at inception of the minimum amounts agreed, including the purchase option, when there are no reasonable doubts that the purchase option will be exercised. The calculation does not include contingent rent, service costs or taxes that can be passed on by the lessor. The total finance charge on the lease is taken to the income statement for the year in which it is incurred, using the effective interest rate method. Contingent instalments are recognised as an expense for the year in which they are incurred.

On expiry of the finance lease, the company exercises the purchase option and the lease arrangements do not impose any restrictions regarding the exercise of this option. The lease agreements do not contain any renewal agreements or review or escalation clauses.

Assets recognised under this type of arrangement are depreciated using the same methods applied to property, plant and equipment as a whole, taking their nature and useful lives into account.

The company did not have any finance leases in which it acts as the lessor.

### d.2) Operating leases

When the company acts as lessee, it recognises the expenses from operating leases in profit or loss in the year in which they accrue.

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

When the company acts as lessor, income and expenses from operating leases are recognised in profit or loss in the year in which they accrue. The acquisition cost of the leased asset is presented in the balance sheet in accordance with the nature of the asset, increased by the amount of the investments arising from the directly attributable lease arrangements, which are expensed over the term of such arrangements, using the same method as applied for recognition of lease income.

Any collection or payment that may arise when an operating lease is concluded is treated as a collection or prepayment that is allocated to profit or loss over the leasing term as the benefits of the leased asset are transferred or received.

## e) Financial instruments

### e.1) Financial assets

#### Classification

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

- Financial assets at amortised cost. In general, the following fall into this category:
  - Trade receivables: financial assets originating from the sale of goods and the provision of services from the Company's ordinary business subject to deferred payment.
  - Non-trade receivables: financial assets which, not being equity instruments or derivatives, do not originate from trade operations and whose collections are of a determined or determinable amount, deriving from loan or credit operations granted by the Company.

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

  However, loans for commercial operations maturing in no more than one year and that do not have an explicit contractual interest rate, as well as loans to personnel, dividends receivable and disbursements required on equity instruments, the amount of which is expected to be received in the short term, are measured at their nominal value when the effect of not updating the cash flows is not significant.

  For subsequent measurement, the amortised cost method is used. Accrued interest is recorded in the income statement (financial income), applying the effective interest rate method.

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

  The subsequent measurement is at fair value, without deducting any transaction costs that may be incurred from their sale. Changes that occur in the fair value are recognised directly

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

in equity, until the financial asset is removed from the balance sheet or is impaired, whereupon the amount thus recognised is charged to the income statement

- Financial assets at cost: includes investments in Group companies, associates and jointly controlled entities. Group companies are considered to be those over which the Company has control, while associates are those in which the Company exercises a significant influence. Jointly controlled entities include companies over which joint control is exercised with one or more owners through an agreement.

  The investments included in this category are initially measured at cost, which is equal to the fair value of the consideration given plus the transaction costs that are directly attributable to them.

  The subsequent measurement is also at cost less the accumulated amount of the valuation corrections for impairment. These adjustments are calculated as the difference between their book value and the recoverable amount, understood as the greater of their fair value minus selling costs and the present value of the future cash flows resulting from the investment. Unless better evidence of the recoverable amount is available, the estimated loss for impairment is calculated based on the investee's equity, consolidated where appropriate, corrected for any unrealised gains at the measurement date, including any goodwill.

At least at the end of each reporting period, the company books the related impairment loss allowances for financial assets that are not carried at fair value when there is objective evidence of impairment if this value is lower than its carrying amount, in which case, the impairment is recognised in the income statement. In particular, the company calculates impairment loss allowances for trade and other receivables by carrying out a case-by-case analysis of the insolvency risk of each account receivable.

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

e.2) Financial liabilities

All financial liabilities held by the Company are classified in the category of financial liabilities at amortised cost.

Financial liabilities are those payables and accounts payable that the Company has and that have resulted from the purchase of goods and services as a result of the Company's trade transactions, or those that, without having a commercial origin, cannot be considered as financial instruments.

Financial liabilities classified in this category are initially measured at their fair value which, unless there is evidence to the contrary, is assumed to be the transaction price, which is equivalent to the fair value of the consideration given, adjusted by the transaction costs that are directly attributable.

Accounts payable are initially measured at the fair value of the consideration received. 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 12 months from the balance sheet date are classified as current liabilities and those maturing within more than 12 months as non-current liabilities.

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

e.3) Equity instruments

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

Own shares acquired by the company during the year are recognised at the value of the consideration paid and are deducted directly from 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 income statement.

e.4) Accounting hedges

Cash flow hedges

The Company uses derivative financial instruments to hedge the risks to which its activities, transactions and future cash flows are exposed. These risks relate mainly to changes in interest rates. Within the framework of these transactions, the Company arranges hedging instruments (Note 12).

For financial instruments to qualify for hedge accounting, they are initially designated as hedges and the hedge relationship is documented. The company also verifies the effectiveness of the hedge initially and on an on-going basis during the term of the hedge. A hedge is effective if it is expected, prospectively, that the changes in fair value or in the cash flows from the hedged item (attributable to the hedged risk) are almost entirely offset by those of the hedging instrument and that, retrospectively, the gains or losses on the hedge have fluctuated within a range of 80% to 125% of the gains or losses on the hedged item.

The company arranges cash flow hedges. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised temporarily in equity and taken to profit or loss in the same period during which the hedged item affects profit or loss, unless the hedge relates to a forecast transaction that results in the recognition of a financial asset or liability, in which case the amounts recognised in equity are included in the cost of the asset acquired or liability assumed.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised or no longer meets the criteria for hedge accounting. Any cumulative profit or loss corresponding to the hedging instrument recognised in equity at that time remains in equity until the forecast transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative gains or losses recognised in equity are transferred to net profit or loss for the period.

Although certain derivative instruments cannot be classified as hedges, this is only for accounting purposes since for financial and management purposes all the derivatives arranged by the company have, at inception, an underlying financial transaction and the sole purpose of hedging such transaction.

Derivatives are not considered for the purposes of hedge accounting if they fail the effectiveness test, which requires the changes in the fair value or in the cash flows of the hedged item directly attributable to the risk of the instrument to be offset by changes in the fair value or in the cash flows of the derivative hedging instrument. When this is not the case, changes in the value of the instruments not catalogued as hedges are taken to the income statement.

Financial derivatives are measured by experts on the subject using generally accepted methods and techniques. These experts are independent from the company and the entities financing it.

### f) Inventories

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

Assets awarded for the collection of receivables are measured at the amount at which the receivable corresponding to the asset received was recognised or at the lower of production cost or net realisable value.

Production cost includes the costs of direct materials and, where applicable, direct labour costs and manufacturing overheads incurred.
The net realisable value represents the estimate of the costs that will be incurred in providing the service.

The Company performs the appropriate valuation adjustments, recording them as an expense in the profit and loss account when the net realisable value of the inventories is lower than their acquisition price.

### g) Foreign currency transactions

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

At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated to euros at the closing exchange rate. Any gains or losses are recognised directly in profit or loss for the year in which they arise.

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

## h) Corporate income tax

The expense for corporate income tax is calculated on the basis of profit/(loss) before tax, increased or decreased, as appropriate, by the permanent differences between taxable profit and accounting profit. The corresponding tax rate based on the applicable legislation 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. Additionally, adjustments to deferred tax assets and liabilities due to changes in the prevailing tax rate are recognised as a corporate income tax expense.

The temporary differences between accounting profit and taxable profit for income tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the 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 company capitalises deferred tax assets corresponding to temporary differences and tax losses pending offset, except in cases in which reasonable doubts exist regarding their future recovery or such recovery extends over a period exceeding ten years.

## i) Income and expenses

The Company recognises revenue in the ordinary course of business when control of the goods or services promised to customers is transferred. On an accrual basis, revenue is recognised with the transfer of control and expenses are recognised when they occur, irrespective of the date of collection or payment.

Revenue from commitments that are fulfilled over time is recognised by reference to the stage of completion or progress towards complete fulfilment of contractual obligations provided that the company has reliable information to measure the stage of completion. For contractual obligations that are due at a specific point in time, revenue from their performance is recognised at that date.

The company recognises as revenue from its contracts in each year the difference between output for the year (valued at the selling price of the services provided during the period, as set out in the principal contract and in the approved reviews, and other services for which, although not yet approved, there is reasonable certainty regarding their payment) and the costs incurred. Late payment interest is recognised as revenue when definitively approved or received.

The difference between the output amount and the amount billed until the reporting date is booked as “Output pending invoicing” under “Trade receivables for sales and services”. In turn, amounts billed in advance for certain items are included under current liabilities as “Customer advances” under “Trade and other payables”.

Interest received on financial assets is recorded using the effective interest method and dividends when the shareholder's right to receive them is declared. In any case, interest and dividends on financial assets accrued subsequent to acquisition are recorded as income in the income statement.

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

Concerning any dividends received, any distribution of available reserves will be classified as an "allocation of profit" and, consequently, will lead to the recognition of an income at the owner, provided that, from the acquisition date, the investee or any group company owned by the latter has generated profits for an amount greater than the equity that is distributed. The judgment on whether profits have been generated by the investee shall be made exclusively on the basis of the profits recorded in the individual profit and loss account from the date of acquisition, unless undoubtedly the distribution charged to said profits must be classified as a recovery investment from the perspective of the entity receiving the dividend.

In keeping with the accounting principle of prudence, the company only recognises realised income at year-end, whereas foreseeable contingencies and losses, including possible losses, are booked as soon as they become known, through the posting of the appropriate provisions.

### j) Provisions and contingencies

The company recognises provisions on the liability side of the accompanying balance sheet for present obligations arising from past events for which the company considers 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.

Provisions are classified as current or non-current in the accompanying 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 average cycle of the activity giving rise to the provision.

Contingent liabilities resulting from possible obligations that might arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the company are not recognised in the financial statements, as the probability that such obligation will have to be met is remote.

### k) Capital assets of an environmental nature

Environmental assets are assets that are used on a lasting basis in the Company's activities, the main purpose of which is to minimise environmental impact and to protect and improve the environment, including the reduction or elimination of future pollution.

The acquisition of these elements is recognised in "Property, plant and equipment" and "Intangible assets", in line with the nature of the investment, depreciating or amortising them over their useful life or in line with the demand for or use of the infrastructure in the service concession arrangements. Likewise, the company recognises the expenses and provisions inherent to the environmental commitments acquired in line with prevailing accounting legislation.

The company implements an environmental policy based not only on strict compliance with prevailing legislation in the area of environmental improvement and defence, rather it goes beyond it, through the establishment of preventive planning and analysis and minimisation of the environmental impact of its activities.

The company's management considers that any contingencies related to environmental protection and improvement at 31 December 2021 would not have a significant impact on the accompanying financial statements, which include provisions to cover the probable environmental risks that might arise.

## l) Grants

The Company records subsidies received according to the following criteria

### l.1) Non-refundable subsidies

These are measured at the amount received or at the fair value of the asset awarded, depending on whether they are monetary or non-monetary. They are then recognised in profit or loss over the same period and in the proportions in which depreciation on those assets is charged or when, where appropriate, the assets are disposed of or impaired, except for those received from equity holders or owners, which are recognised directly in equity.

### l.2) Operating grants

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

## m) Use of estimates

In the preparation of these financial statements, estimates were made by the company’s directors to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate essentially to the following:

- The recoverability of deferred tax assets (Notes 4.h and 18).
- The recoverability of investments in Group companies and associates, and loans and accounts receivable with these (Notes 4.e and 10).
- The measurement of possible impairment losses on certain non-financial assets (Notes 4.c, 5 and 6).
- The useful life of property, plant and equipment and intangible assets (Notes 4.a and 4.b).
- The calculation of certain provisions (Notes 4.j and 14).
- The recognition of income pending invoicing (Notes 4.i and 11).
- Impacts of Covid-19 on the Company's business and on its financial statements (Note 17.g).

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

Although these estimates were drawn up on the basis of the best information available as at 31 December 2021, future events may require adjustments in coming years, where appropriate to be made in advance.

### n) Related-party transactions

In general, transactions between group companies are initially recognised at fair value. If the agreed price differs from its fair value, the difference is recorded on the basis of the economic reality of the transaction. Subsequent measure is carried out in accordance with the relevant standards.

### o) Cash flow statement

The following terms are used in the cash flow statement:

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

## 5. INTANGIBLE ASSETS

Changes in this heading in the accompanying balance sheet in 2021 and 2020 were as follows:

| | Concession agreements | Concessions | Software applications | Other intangible assets | Accumulated amortisation | Impairment | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 31.12.19** | **136,818** | **8,352** | **3,043** | **23,491** | **(79,883)** | **—** | **91,821** |
| Additions or allocations | 8,231 | — | 45 | 1,877 | (10,704) | — | (551) |
| Derecognitions, disposals or reductions | (142) | — | (2) | (2,386) | 2,388 | — | (142) |
| Transfers | — | — | — | 5,436 | (2,021) | — | 3,415 |
| **Balance at 31.12.20** | **144,907** | **8,352** | **3,086** | **28,418** | **(90,220)** | **—** | **94,543** |
| Additions or allocations | 17,874 | 4 | 37 | 1,796 | (10,505) | — | 9,206 |
| Derecognitions, disposals or reductions | — | — | (66) | (2,291) | 2,243 | — | (114) |
| Other changes | 642 | — | — | — | (323) | — | 319 |
| Transfers | — | — | — | 109 | — | — | 109 |
| **Balance at 31.12.21** | **163,423** | **8,356** | **3,057** | **28,032** | **(98,805)** | **—** | **104,063** |

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

The most significant movement in 2021 under “Concession arrangements” was the extension of the El Campello (Alicante) solid municipal waste treatment plant costing 17,437 thousand euros, which is a continuation of the work that started in 2020.

The breakdown of intangible assets and of the related accumulated amortisation at 31 December 2021 and 2020 is as follows:

| | Cost | Accumulated amortisation | Impairment | Net |
|---|---|---|---|---|
| 2021 | | | | |
| Concession arrangements (Note 8) | 163,423 | (71,640) | — | 91,783 |
| Concessions | 8,356 | (5,963) | — | 2,393 |
| Software applications | 3,057 | (1,721) | — | 1,336 |
| Other intangible assets | 28,032 | (19,481) | — | 8,551 |
| | **202,868** | **(98,805)** | **—** | **104,063** |
| 2020 | | | | |
| Concession arrangements (Note 8) | 144,907 | (64,314) | — | 80,593 |
| Concessions | 8,352 | (5,408) | — | 2,944 |
| Software applications | 3,086 | (1,617) | — | 1,469 |
| Other intangible assets | 28,418 | (18,881) | — | 9,537 |
| | **184,763** | **(90,220)** | **—** | **94,543** |

The "Concessions" heading, which relates mainly to businesses operated through joint ventures, which basically includes the amounts paid to obtain municipal sanitation concessions. There are no significant changes from the previous year.

The balance for "Software applications" relates mainly to implementation, development and improvement costs for the corporate information system, and costs related to information technology infrastructure.

With regard to net intangible assets, 19,999 thousand euros (22,041 thousand euros at 31 December 2020) relate to assets arising from arrangements operated jointly through joint ventures.

At the closing date, all the intangible assets are used in the various production processes.

At 31 December 2021, the Company did not have any significant intangible assets located outside Spain, assets assigned as collateral or purchase commitments of a significant amount.

## 6. PROPERTY, PLANT AND EQUIPMENT

Changes in this heading in the accompanying balance sheet in 2021 and 2020 were as follows:

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

| | | Other property, plant and equipment | | | | |
|---|---|---|---|---|---|---|
| | Land and buildings | Plant and other items of property, plant and equipment | Advances and PP&E under construction | Accumulated depreciation | Impairment | Total |
| **Balance at 31.12.19** | **77,750** | **899,421** | **9,070** | **(678,714)** | **(57)** | **307,470** |
| Additions or allocations | 3,683 | 53,312 | 13,989 | (67,219) | (106) | 3,659 |
| Derecognitions, disposals or reductions | (430) | (17,904) | (94) | 17,496 | 96 | (836) |
| Transfers | (1,503) | 4,115 | (8,052) | 2,025 | — | (3,415) |
| **Balance at 31.12.20** | **79,500** | **938,944** | **14,913** | **(726,412)** | **(67)** | **306,878** |
| Additions or allocations | 865 | 84,540 | 2,780 | (7,630) | (6) | 80,549 |
| Derecognitions, disposals or reductions | (3,602) | (55,249) | (17) | — | 9 | (58,859) |
| Other changes | — | 1,325 | — | (90) | — | 1,235 |
| Transfers | — | 8,490 | (8,599) | — | — | (109) |
| **Balance at 31.12.21** | **76,763** | **978,050** | **9,077** | **(734,132)** | **(64)** | **329,694** |

- The most significant additions in 2021 and 2020 to property, plant and equipment related to assets associated with service arrangements operated by the company, essentially for vehicles and machinery used in street cleaning and waste collection contracts.

- The "Derecognition, disposals or reductions" heading basically includes derecognition of assets that had mostly been depreciated in full.

The detail of property, plant and equipment and of the related accumulated depreciation at 31 December 2021 and 2020 is as follows:

| | Cost | Accumulated depreciation | Impairment | Net |
|---|---|---|---|---|
| 2021 | | | | |
| Land and buildings | 76,763 | (42,565) | — | 34,198 |
| Plant and other items of property, plant and equipment | 978,050 | (691,567) | (64) | 286,419 |
| Advances and PP&E under construction | 9,077 | — | — | 9,077 |
| | **1,063,890** | **(734,132)** | **(64)** | **329,694** |
| 2020 | | | | |
| Land and buildings | 79,500 | (43,474) | — | 36,026 |
| Plant and other items of property, plant and equipment | 938,944 | (682,938) | (67) | 255,939 |
| Advances and PP&E under construction | 14,913 | — | — | 14,913 |
| | **1,033,357** | **(726,412)** | **(67)** | **306,878** |

The Company owns real estate the value of which at year-end was as follows, broken by building value and land value:

| | 2021 | 2020 |
|---|---|---|
| Land | 11,359 | 11,359 |
| Buildings | 65,404 | 68,141 |
| | **76,763** | **79,500** |

With regard to net property, plant and equipment, 80,133 thousand euros (71,730 thousand euros at 31 December 2020) relate to assets arising from arrangements operated jointly through joint ventures.

In 2021 and 2020, the company had not capitalised any financial expenses under “Property, plant and equipment”.

All property, plant and equipment at year-end are used in the Company's activities. However, a portion of this property, plant and equipment was fully depreciated, amounting to 474,448 thousand euros in 2021 (485,066 thousand euros in 2020), of which 25,334 thousand euros related to the "Buildings" heading (28,539 thousand euros at 31 December 2020). The property, plant and equipment that is fully depreciated corresponding to joint ventures amounted to 13,087 thousand euros in 2021 (11,183 thousand euros at 31 December 2020).

At year-end 2021, the company had entered into various finance lease arrangements relating to its property, plant and equipment (Note 7). It did not have any significant commitments to acquire property, plant and equipment.

Property, plant and equipment whose ownership has been restricted by the company basically relates to assets financed through finance leases.

The Company does not have any investments in property, plant and equipment located abroad at 2021 and 2020 year-end, nor any assets provided as security.

The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment are exposed. At year-end, all items of property, plant and equipment had been fully insured against these risks.

## 7. LEASES

### a) Finance leases

The Company has recognised leased assets in contracts that basically have a maximum duration of 5 years with generally post-payable instalments and, therefore, the present value does not differ significantly from their nominal value. Almost all of the assets leased are lorries and machinery for waste collection and cleaning services.
The characteristics of the finance lease contracts in effect at the closing date of 2021 and 2020 were as follows:

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

| | 2021 | 2020 |
|---|---|---|
| **Net carrying amount:** | **17,489** | **26,186** |
| Accumulated amortisation | (4,898) | (7,411) |
| **Cost of the assets** | **22,387** | **33,597** |
| Financial expenses | 981 | 1,431 |
| **Cost of capitalised assets** | **23,368** | **35,028** |
| Instalments paid in the year | 4,981 | 8,278 |
| Payments made in prior years | 9,260 | 12,714 |
| **Lease payments outstanding, including the purchase option** | **9,127** | **14,036** |
| Financial expenses pending accrual | 152 | 337 |
| **Present value of the lease instalments outstanding, including purchase option (Note 15)** | **8,975** | **13,699** |
| Duration of contracts (years) | **2 to 5** | **2 to 5** |
| Value of purchase options | 511 | 1,046 |

The finance lease arrangements entered into by the company do not include instalments whose amount must be determined based on future economic events or indexes; accordingly, no expenses were incurred in the year for the payment of contingent lease instalments.

### b) Operating leases

The Company pays operating leases essentially for the rental of buildings and premises used as offices, warehouses, changing rooms and garages for the environmental services activity.

In 2021 these lease expenses amounted to 27,346 thousand euros (25,331 thousand euros at 31 December 2020), and no contingent expenses were incurred and no income was obtained from subleases.

At the end of the year, the Company had the following minimum lease payments with lessors in accordance with the current lease contracts in force, without taking into account the impact of shared expenses, future CPI increases or future updates of contractually agreed rents:

| | 2021 | 2020 |
|---|---|---|
| Up to one year | 14,188 | 11,910 |
| Between one and five years | 33,010 | 25,213 |
| Beyond five years | 3,277 | 2,418 |
| | **50,475** | **39,541** |

## 8. SERVICE CONCESSION ARRANGEMENTS

The following table details all the company’s assets held under service concession arrangements, classified by asset type:

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

| | Intangible assets | Financial assets | Total |
|---|---|---|---|
| 2021 | 91,783 | 32,225 | 124,008 |
| 2020 | 80,593 | 27,028 | 107,621 |

The following is a list of the most significant service concession contracts held by the Company:

## a) Intangible Assets

- El Campello municipal solid wastes treatment plant (Environmental Services). Construction and operation of the Integral Municipal Solid Waste Treatment Centre in El Campello (Alicante). It was awarded to the Company in 2003 by the Plan Zonal XV Consortium of the Valencian Community, and the construction phase ended in November 2008, at which time the initially 20-year operating phase began and was subsequently extended to 21 years and 9 months. The net assets related to this contract amount to 49,130 thousand euros (35,147 thousand euros at 31 December 2020).

- Municipal solid waste treatment plant in the province of Granada (Environmental Services).

  Operation and improvements for the management of the public municipal waste treatment service in the province of Granada, as awarded by the Provincial Council of Granada in May 2015 and running until May 2040. The net assets related to this contract amount to 21,039 thousand euros (31 December 2020: 22,167 thousand euros).

Both assets are classified as intangible as invoicing is based on the metric tons processed and, therefore, demand risk falls on the concessionaire.

## b) Financial assets

- Municipal solid waste treatment plant in Manises (Valencia) (Environmental Services).

  Awarded by the Metropolitan Waste Treatment Entity to the JV Gestión Instalación III (34.99% owned by FCC Medio Ambiente, S.A.U.) for the construction and operation of the municipal solid waste management system in certain areas in the province of Valencia. It was awarded in 2005 for an initial period of 20 years from the start up of the plant in December 2012. Due to an amendment to the contract, the aforementioned concession was transferred to a financial asset in 2013. The assets related to this contract amount to 20,103 thousand euros (31 December 2020: 21,625 thousand euros). The collection is obtained as a result of a fixed amount plus a variable amount per tonne treated, this second component being waste, and in addition the cost of construction services is substantially covered by a fixed payment, reasons that justify the whole of the concession being considered as a financial asset.

# 9. CURRENT AND NON-CURRENT FINANCIAL ASSETS

## a) Non-current financial assets

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

The balance of “Non-current financial assets” at 2021 and 2020 year-end is as follows:

| | Equity instruments | Loans to third parties | Other financial assets | Total |
|---|---|---|---|---|
| 2021 | | | | |
| Financial assets at amortised cost | — | 2,561 | 5,250 | 7,811 |
| Assets at fair value with changes in equity | 8,764 | — | — | 8,764 |
| | **8,764** | **2,561** | **5,250** | **16,575** |
| 2020 | | | | |
| Financial assets at amortised cost | — | 9,707 | 4,637 | 14,343 |
| Assets at fair value with changes in equity | 8,764 | — | — | 8,764 |
| | **8,764** | **9,707** | **4,637** | **23,107** |

*Financial assets at amortised cost*

The breakdown of maturities is as follows:

| | 2023 | 2024 | 2025 | 2026 | 2027 and beyond | Total |
|---|---|---|---|---|---|---|
| Financial assets at amortised cost | 420 | 180 | 173 | 68 | 6,970 | 7,811 |

This includes guarantees and deposits for legal or contractual obligations when carrying on the Company's activity and loans to public entities to finance investments and are collected through a specific fee or charge.

*Assets at fair value with changes in equity*

The breakdown of these assets is as follows:

| | Effective ownership | Fair value |
|---|---|---|
| 2021 | | |
| Vertederos de Residuos, S.A. | 16.03% | 8,764 |
| 2020 | | |
| Vertederos de Residuos, S.A. | 16.03% | 8,764 |

### b) Current financial assets

The amount shown under this heading relates mainly to guarantees and deposits and to loans to public entities.

## 10. INVESTMENTS AND PAYABLES TO GROUP COMPANIES AND ASSOCIATES

### a) Non-current investments in Group companies and associates

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

The detail of the non-current investments in group companies and associates at 31 December 2021 and 2020 is as follows:

| | Cost | Accumulated impairment | Total |
|---|---|---|---|
| 2021 | | | |
| Equity instruments in Group companies | 99,882 | (22,516) | 77,366 |
| Equity instruments in associates | 34,716 | (5,715) | 29,001 |
| Loans to Group companies | 65,847 | — | 65,847 |
| Loans to associates | 813 | (813) | — |
| | **201,258** | **(29,044)** | **172,214** |
| 2020 | | | |
| Equity instruments in Group companies | 98,374 | (21,831) | 76,543 |
| Equity instruments in associates | 34,716 | (5,715) | 29,001 |
| Loans to Group companies | 75,334 | — | 75,334 |
| Loans to associates | 813 | (813) | — |
| | **209,237** | **(28,359)** | **180,878** |

Details of changes in these headings is as follows:

| | Equity instruments of Group companies | Equity instruments of associates | Loans to Group companies | Loans to associates | Impairment | Total |
|---|---|---|---|---|---|---|
| **Balance at 31.12.19** | **77,006** | **34,715** | **187,179** | **813** | **(27,472)** | **272,241** |
| Additions or allocations | 28,493 | 1 | 2,729 | — | (1,383) | 29,840 |
| Disposals and reversals | (7,125) | — | (118,341) | — | 202 | (125,264) |
| Transfers | — | — | 4,061 | — | — | 4,061 |
| **Balance at 31.12.20** | **98,374** | **34,716** | **75,628** | **813** | **-28,653** | **180,878** |
| Additions or allocations | 1,542 | | 287 | — | (690) | 1,139 |
| Disposals and reversals | (34) | — | (6,776) | — | | (6,810) |
| Transfers | 0 | — | (2,998) | — | 5 | (2,993) |
| **Balance at 31.12.21** | **99,882** | **34,716** | **66,141** | **813** | **(29,338)** | **172,214** |

Highlights in 2021 in relation to equity instruments included the incorporation, following the merger with Catalana de Servicios S.A.U., of its stakes in Jaume Oro S.L. worth 1,013 thousand euros, as well as the contributions made by shareholders totalling 525 thousand euros in Serveis Municipals de Neteja de Girona, S.A.

Current exits and transfers in 2021 included 29 thousand euros due to the merger of Catalana de Servicios S.A.U. and the cancellation and transfer to current status of the loan held with Valoración y Tratamiento de Residuos, S.A. worth 11,176 thousand euros.

In 2020, adjustments were made to the initial amount of certain investments, which led to an increase in shareholdings and reserves in the amount of 28,355 thousand euros, in outflows a total of 7,125 thousand euros in dividends received from these companies, reducing the cost of the shareholding as they were profits generated at their former parent company (Fomento de Construcciones y Contratas, S.A.). Thus, there was a reduction in the stakes held in Limpiezas

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

Urbanas de Mallorca, SA, Sistemas y Vehículos de Alta Tecnología, S.A. and Geneus Canarias, S.A. of 3,810 thousand euros, 2,408 thousand euros and 907 thousand euros, respectively, due to the distribution of reserves approved by the subsidiaries to amounts prior to the acquisition of those companies by FCC Medio Ambiente, S.A.U.

In 2020, two credits were cancelled with FCC Servicios Medio Ambiente Holding, S.A.U. worth 115,605 thousand euros (see Note 13.c) and which had arisen from the corporate restructuring process carried out in 2019, specifically from the assignment of a loan that the Company held with FCC Ámbito, S.A.U. (46,767 thousand euros in principal) and the assignment of the loan that the Company had with FCC Medio Ambiente Reino Unido, S.L.U. (65,859 thousand euros), plus 2,979 thousand euros of outstanding interest.

*Non-current loans to Group companies*

The most significant balances were as follows:

| | 2021 | 2020 |
|---|---|---|
| Valoración y Tratamiento de Residuos, S.A. | — | 11,176 |
| Sistemas y Vehículos de Alta Tecnología, S.A. | 6,222 | 6,058 |
| Limpiezas Urbanas Mallorca | 1,849 | 1,849 |
| Geneus Canarias | 4,326 | 4,326 |
| Alfonso Benitez S.A. | 2,323 | 2,261 |
| Servicios de Levante, S.A. | 2,953 | 2,876 |
| Servicios Especiales de Limpieza, S.A | 1,723 | 1,677 |
| Gandía Serveis Urbans, S.A. | 7,218 | 7,548 |
| Sercovira, S.A. | 1,608 | 1,632 |
| Gipuzkoa Ingurumena BI, S.A | 2,310 | 2,056 |
| FCC Servicios Medio Ambiente Holding, S.A.U | 32,859 | 31,131 |
| Other | 2,456 | 2,744 |
| | **65,847** | **75,334** |

*Impairment*

There follows a breakdown of the changes that occurred in 2021:

- Impairment of the investment in Serveis Municipals de Neteja de Girona, S.A. amounting to 525 thousand euros. The impairment has been calculated as the difference between the value that this investment has in the books of FCC Medio Ambiente, S.A.U. and its recoverable value.

Of particular note in 2020 was the impairment of the stake in Serveis Municipals de Neteja de Girona, S.A. amounting to 881 thousand euros. The impairment was calculated as the difference between the value of this investment in the books of FCC Medio Ambiente, S.A.U. and its recoverable value. Loans amounting to 270 thousand euros were also impaired.

### b) Current investments in Group companies and associates

This section includes mainly the loans and other non-trade credits granted to Group companies and associates, among others, in line with certain specific cash situations, as well as other

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

temporary financial assets, measured at the lower of cost or market value, increased by interest earned at a market rate. It also includes the balances generated by tax effects with the subsidiaries in the tax consolidation group (1,529 thousand euros at year-end 2021).

The most significant balances in this regard were as follows:

| | 2021 | 2020 |
|---|---|---|
| Ecoparque Mancomunidad del Este S.A. | 61,052 | 38,381 |
| Corporación Inmobiliaria Ibérica, S.A. | 263 | 1,678 |
| Servicios Especiales de Limpieza,S.A. | 7 | 14 |
| Limpieza e Higiene de Cartagena, S.A. | 927 | 71 |
| Valorización y tratamiento de residuos, S.A. | 454 | 598 |
| Sercovira, S.A. | 608 | 1,870 |
| FCC Equal Andalucía , S.L. | 4,258 | 6,873 |
| Other | 11,266 | 9,476 |
| | **78,835** | **58,961** |

On 30 December 2019, a contract for the provision of cash centralisation services ("Cash Pooling") was signed between FCC Servicios Medio Ambiente Holding, S.A.U. and FCC Medio Ambiente S.A.U. as a first-level company and including second-level subsidiaries with 99% control, thus optimising cash requirements and surpluses. The agreement runs for an indefinite and the applicable initial interest rate is 0.05% for debit balances and 2% for credit balances.

The balance with FCC Servicios Medio Ambiente Holding, S.A.U. as of December 2021 is a credit balance in the amount of 135,850 thousand euros (185,323 thousand euros as of December 2020).

### c) Non-current payables to Group companies and associates

In 2019, the Company's debt instruments held with Fomento de Construcciones y Contratas, S.A. were assigned to FCC Servicios Medio Ambiente Holding S.A.U., whereupon it then became the ultimate debtor. This debt amounted to 136,682 thousand euros with an indefinite maturity, the applicable interest rate being 2.38% in 2019. On 24 June, the debt was novated, thus modifying the interest rate to 2.7% per annum and capitalisable, and maturing in December 2024, subject to a five-year extension option. In 2021, interest of 4,239 thousand euros was capitalised, leaving a debt balance of 140,845 thousand euros at 31 December 2021.

Also noteworthy is the loan received from Tirme S.A. for 5,000 thousand euros at a fixed rate of 1%, payable annually at the end of the year and automatically renewable without limitation.

### d) Current payables to Group companies and associates

Payables to Group companies and associates include the loans received by the Company, including the cash pooling agreement, which are remunerated at market prices, and the debts for trading operations with these companies, and also include the balances generated by the tax effect with the subsidiaries of the consolidated tax group (11,263 thousand euros at 31 December 2021).

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

The most significant balances on the liabilities side of the accompanying balance sheet are as follows:

| | 2021 | 2020 |
|---|---|---|
| Fomento de Construcciones y Contratas, S.A. | 28 | 111 |
| Alfonso Benítez, S.A | - | 3,490 |
| Ecoparque Mancomunidad del Este S.A. | - | 736 |
| Geneus Canarias | 5,370 | 4,457 |
| FCC Servicios Medio Ambiente Holding, S.A.U | 146,871 | 185,323 |
| Servicios de Levante, S.A. | 3,330 | 3,185 |
| Sistemas y Vehículos de Alta Tecnología, S.A. | 2,482 | 832 |
| FCC Ambito S.A.U | 21,683 | 1,525 |
| Other | 15,077 | 14,526 |
| | **194,841** | **214,185** |

The balance with FCC Servicios Medio Ambiente Holding, S.A.U. includes 11,021 thousand euros (8,075 thousand euros in 2020), as the balances generated by the tax effect with the consolidated tax group.

Since 2020, the balance is due to the use of a cash pooling arrangement with the parent company, reducing the assignment of customer loans, without the possibility of recourse to financial entities (Note 11).

## 11. TRADE RECEIVABLES FOR SALES AND SERVICES

The breakdown of this heading in the accompanying balance sheet includes the value of the company's sales and services.

| | 2021 | 2020 |
|---|---|---|
| Outstanding Invoiced Production | 343,752 | 376,063 |
| Unbilled accrued revenue | 149,023 | 148,687 |
| Trade receivables for sales and services | 492,775 | 524,750 |
| Customer advances | (5,591) | (13,385) |
| **Total net customer balance** | **487,184** | **511,365** |

The increase in the balance between years is mainly due to the reduced use of transfers of customer receivables to financial institutions, without the possibility of recourse. At year-end, the balance was 1,288 thousand euros (1,187 thousand euros at 31 December 2020).

The above amount corresponds to the net balance of trade receivables, net of the "Customer advances" included under "Other payables" on the liabilities side of the accompanying balance sheet, which includes, in accordance with accounting regulations, amounts invoiced in advance for various items, whether or not they have been collected, and the prepayments received, typically in cash.

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

The balances of trade receivables are mainly with local governments and public bodies for the performance of municipal sanitation activity. There are no differences between the carrying amounts and the fair values in trade receivables for sales and services.
The "Outstanding Invoiced Production" line item includes the amount of invoices issued to customers for services rendered and pending collection at the balance sheet date.

The "Unbilled accrued revenue" heading includes the difference between the output recognised by the Company for each contract and the invoices sent to customers. This amount relates basically to the estimate of work carried out that has been invoiced monthly in arrears for 75,051 thousand euros (68,635 thousand euros in 2020) and price revisions under the terms of the various contracts pending approval, which the Company considers likely to be accepted in order to bill in due time, and for services rendered that have not yet been billed, amounting to 39,793 thousand euros (42,952 thousand euros in 2020).

The Company has the capacity to finance itself in the event of working capital requirements by assigning trade receivables to financial institutions, without the possibility of recourse against FCC Medio Ambiente, S.A.U. in the event of non-payment, and the assignments have a maximum limit of 239,000 thousand euros. The amount deducted from the customer receivables balance at year-end was 1,288 thousand euros (1,187 thousand euros at 31 December 2020). These credit transfer arrangements are maintained with CaixaBank, Sabadell and BBVA. These transactions accrue interest on an arm's length basis, and the concessionaire assumes the insolvency and late payment risk of the debtor.

Of the total net trade receivables balance, 87,937 thousand euros (83,528 thousand euros at 31 December 2020) relate to balances arising from arrangements operated jointly through joint ventures.

Likewise, of the total unbilled amount, 20,124 thousand euros correspond to amounts arising from contracts operated jointly through JVs (21,957 thousand euros in 2020).

Credits for commercial operations in arrears and not provisioned in the Company amount to 214,528 thousand euros (149,697 thousand euros at 31 December 2020). They constitute the total assets in arrears in the Company, since there are no significant financial credits in arrears. All those balances that are overdue and have not been paid by the counterparty are considered to be in default. However, it should be borne in mind that although certain assets are in default, there is no risk of default, as most are public customers where only delays in collection can occur, and they are entitled to claim the corresponding delay payment surcharges. In general, except in specific cases of debts to certain Spanish local authorities, there are no significant balances that are more than one year-old and have not suffered impairment.

## 12. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative liabilities included in "Other financial liabilities" under "Non-current and current payables" in the accompanying balance sheet, and the impact on equity and the result thereof, are as follows:

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

| | Fair value | | | |
|---|---|---|---|---|
| | Assets | Liabilities (Note 15) | Impact on equity (Note 13) | Impact on profit or loss |
| 2021 | | | | |
| Hedging derivatives | - | 509 | (382) | - |
| | - | 509 | (382) | - |
| 2020 | | | | |
| Hedging derivatives | - | 839 | (629) | 183 |
| | - | 839 | (629) | 183 |

The main characteristics of the derivative are as follows:

| Covered operation | Derived type | Amount contracted | Due date | Fair value | | Impact on Equity | Impact on profit or loss |
|---|---|---|---|---|---|---|---|
| | | | | Assets | Liabilities | | |
| Other payables | IRS | 10,504 | 02/04/2024 | - | 509 | (382) | - |
| **Total** | | | | | | | |

In addition, the maturity of the notional amount for the hedges contracted at year-end is detailed.

| | Notional maturity | | | |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| IRS (Other payables) | 1,217 | 1,290 | 7,997 | - |

## 13. EQUITY

On 1 October 2019 the public deed for the segregation of activities of Fomento de Construcciones y Contratas, S.A. was registered at the Barcelona Mercantile Registry (Note 1), through which the capital increase by 1,119,300 shares with a par value of 6.01 euros and a share premium of 418.62 euros was formalised. The transaction therefore entailed a capital increase of 6,727 thousand euros and an increase in the share premium of 468,564 thousand euros.

The following table shows the equity of FCC Medio Ambiente S.A.U. at 31 December 2021 and 2020:

| | 2021 | 2020 |
|---|---|---|
| Capital | 50,000 | 50,000 |
| Share premium | 468,564 | 468,564 |
| Legal reserve | 10,000 | 10,000 |
| Other reserves | 124,374 | 55,490 |
| Profit/(loss) for the year | 91,452 | 97,110 |
| **Total shareholders' equity** | **744,390** | **681,164** |

## a) Capital

Following the capital increase already described, the capital of FCC Medio Ambiente S.A.U. is represented by 8,319,300 ordinary shares, represented by a book entry system, with a nominal value of 6.01 euros each.

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

In 2019 Fomento de Construcciones y Contratas, S.A. and Per Gestora, S.L. sold all the Company's shares (8,245,757 shares and 73,543 shares, respectively) to FCC Servicios Medio Ambiente Holding S.A. under a sale contract dated 25 October 2019, which became the Company's sole shareholder.

## 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.

## c) Reserves

The detail of this heading in 2021 and 2020 is as follows:

| | 2021 | 2020 |
|---|---|---|
| Legal reserve | 10,000 | 10,000 |
| Other reserves | 124,374 | 55,490 |
| | **134,374** | **65,490** |

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 by an amount equal to the portion of the balance that exceeds 10% of capital after the increase. 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.

In 2021, the merger by absorption of Compañía Catalana de Servicios, S.A.U. generated merger reserves of 697 thousand euros (Note 1). In addition, due to the first-time application of the amendments to the Spanish National Chart of Accounts (RD 1/2021 of 12 January) regarding the recognition of revenues from sales and services rendered, a decrease in voluntary reserves of 28,923 thousand euros was recognised (Note 2).

In 2020, the value of a number of stakes in group companies included in the spin-off was adjusted, thus increasing the amount of other reserves by 28,355 thousand euros (see Notes 1 and 10). In addition, two dividends totalling 120,047 thousand euros and 40,016 thousand euros were paid out of unrestricted reserves, the effect of which is shown in the 2020 statement of cash flows. This dividend distribution entailed a cash outflow of 44,458 thousand euros, while the remainder was due to the cancellation of two loans with FCC Servicios Medio Ambiente Holding, S.A.U. amounting to 115,605 thousand euros (see Note 10.a).

### d) Valuation adjustments

The breakdown of this heading is as follows, by item:

| | 2021 | 2020 |
|---|---|---|
| Assets at fair value with changes in equity (Note 9) | 7,657 | 7,657 |
| Hedging transactions (Note 12) | (382) | (629) |
| | **7,275** | **7,028** |

### e) Grants

Movements in non-repayable grants related to assets were as follows:

| | Balance at the beginning of the year | Additions net of tax effect | Transfers to the income statement, net of tax effect | Balance at the end of the year |
|---|---|---|---|---|
| 2021 | 642 | — | (61) | 581 |
| 2020 | 692 | — | (50) | 642 |

## 14. PROVISIONS

The changes in the year were as follows:

**Non-current provisions**

| | Procedures related to infrastructure | Environmental Actions | Contractual and legal guarantees and obligations | Other | Total |
|---|---|---|---|---|---|
| **Balance at 31.12.19** | **38,000** | **2,595** | **24,187** | **565** | **65,347** |
| Provisions | 2,289 | 169 | 6,259 | 93 | 8,810 |
| Applications | (2,099) | (344) | (2,652) | (24) | (5,119) |
| Reversals | — | (759) | (1,927) | (355) | (3,041) |
| Transfers | (768) | 768 | — | — | — |
| **Balance at 31.12.20** | **37,422** | **2,429** | **25,867** | **279** | **65,997** |
| Provisions | 1,381 | 273 | 11,596 | 150 | 13,400 |
| Applications | (1,903) | (12) | (3,865) | (43) | (5,823) |
| Reversals | — | (317) | (6,333) | (20) | (6,670) |
| Transfers | 1,214 | — | 66 | — | 1,280 |
| **Balance at 31.12.21** | **38,114** | **2,373** | **27,331** | **366** | **68,184** |

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

**Current provisions**

| | Contractual and legal guarantees and obligations | Other | Total |
|---|---|---|---|
| **Balance at 31.12.19** | **925** | **1,198** | **2,123** |
| Provisions | 1,571 | 1,204 | 2,775 |
| Applications | — | (884) | (884) |
| Reversals | (648) | (237) | (885) |
| **Balance at 31.12.20** | **1,848** | **1,281** | **3,129** |
| Provisions | 3,052 | 986 | 4,038 |
| Applications | — | (726) | (726) |
| Reversals | (2,710) | (378) | (3,088) |
| Transfers | — | (66) | (66) |
| **Balance at 31.12.21** | **2,190** | **1,097** | **3,287** |

*Provisions for actions relating to infrastructure*

Within the scope of service concession arrangements, these provisions include the actions required to restore the infrastructure at the end of the concession period, including dismantling, removal or rehabilitation of the infrastructure, replacements and major repairs, as well as actions to improve and expand capacity. Meanwhile, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred (Note 4.a).

*Provision for environmental actions*

These are provisions made for legal, contractual or implicit obligations or commitments acquired by the company, of an undetermined amount, to prevent or repair damage to the environment.

*Provisions for guarantees and contractual and legal obligations*

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

*Other provisions*

This heading includes the items not classified in the foregoing accounts, such as provisions to cover environmental risks and risks arising from its procedures as the insurer itself.

## 15. NON-CURRENT AND CURRENT PAYABLES

The balance of “Non-current payables” and “Current payables” is as follows:

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

| | Non-current | Current |
|---|---|---|
| 2021 | | |
| Bank debt | 11,678 | 2,005 |
| Finance lease payables (Note 7) | 7,169 | 1,806 |
| Derivatives (Note 12) | 509 | - |
| Other financial liabilities | 5,106 | 16,469 |
| | **24,461** | **20,280** |
| | | |
| 2020 | | |
| Bank debt | 13,505 | 2,003 |
| Finance lease payables (Note 7) | 7,384 | 6,315 |
| Derivatives (Note 12) | 839 | — |
| Other financial liabilities | 6,417 | 15,709 |
| | **28,145** | **24,027** |

Details of “Non-current payables”, by maturity, are as follows:

| Due date | 2023 | 2024 | 2025 | 2026 | 2027 and beyond | Total |
|---|---|---|---|---|---|---|
| Bank debt | 1,897 | 1,700 | 1,987 | 2,078 | 4,015 | 11,677 |
| Finance lease payables | 3,380 | 254 | 529 | 2,764 | 242 | 7,169 |
| Derivatives | 100 | 100 | 100 | 100 | 109 | 509 |
| Other financial liabilities | 356 | 356 | 315 | 274 | 3,805 | 5,106 |
| | **5,733** | **2,410** | **2,931** | **5,216** | **8,171** | **24,461** |

### Non-current bank debt

The balance of non-current payables recorded by the Company relates to contracts operated jointly through JVs, specifically the project financing of JV Gestión Instalación III.

## 16. TRADE PAYABLES

In relation to the Spanish Accounting and Audit Institute (ICAC) Resolution dated 29 January 2016, enacted in compliance with the Second final provision of Law 31/2014, of 3 December, which amends the Third additional provision of Law 15/2010, of 5 July, stipulating measures to combat late payment in commercial transactions, the following table provides information on the average payment period to suppliers for commercial transactions arranged since the date of entry into force of Law 31/2014, i.e. 24 December 2014:

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

| | 2021 | 2020 |
|---|---|---|
| | Days | Days |
| Average payment period to suppliers | 76 | 83 |
| Ratio of paid operations/transactions | 76 | 80 |
| Ratio of operations/transactions pending payment | 74 | 100 |
| | Amount | Amount |
| Total payments made | 330,148 | 302,086 |
| Total payments outstanding | 61,156 | 61,399 |

## 17. INFORMATION ON THE NATURE AND RISK OF FINANCIAL INSTRUMENTS

The Company's financial risk management is channelled through FCC Group's Finance Department, which has the necessary mechanisms in place to control exposure to changes in interest rates and exchange rates, as well as to credit and cash flow risks.

In view of the company’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 Company and FCC 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.

The Company has no significant credit risk. The bank balances are deposited in banks and financial institutions of recognised prestige and solvency. The loans to Group companies relate to the loans granted to FCC Group companies.

The Company does not maintain credit insurance contracts that guarantee the credit risk of accounts receivable. Without prejudice to the foregoing, it should be pointed out that the company's clients belong to the public sector and therefore do not present a risk of insolvency.

### b) Interest rate risk

As the Company does not have significant interest-bearing assets, the revenues and cash flows from its operating activities are fairly immune to changes in market interest rates. The Company's interest rate risk arises from non-current borrowings on the loans it has taken out (see Notes 10 and 15).

The Company's borrowings are issued at variable rates and, therefore, expose the Company to cash flow interest rate risk, although given that they concern Euribor, it is considered that this risk is not significant.

### c) Solvency risk

The most suitable ratio for measuring solvency and debt repayment ability is Net debt/Ebitda.

In 2021, the Company's solvency position improved compared to 2020, as can be seen in the changes in net bank borrowings shown in the following table:

| | 2021 | 2020 |
|---|---|---|
| Bank debt | 23,166 | 30,046 |
| Financial payables to Group companies and associates | 341,173 | 355,867 |
| Other interest-bearing financial debt | 21,575 | 22,126 |
| Financial loans with Group companies and associates | (139,658) | (134,295) |
| Other current financial assets | (6,620) | (7,635) |
| Treasury and cash equivalents | (100,356) | (89,793) |
| Non-current financial assets | (32,225) | (27,028) |
| | **107,055** | **149,288** |

Financial debts and credits with Group companies and associates are disclosed in Note 10.

### d) Liquidity risk

Liquidity risk arises from the possibility that the Company may not be able to avail of, or have access to, liquid funds for a sufficient amount and at a suitable cost to meet its payment obligations at all times.

This risk is caused by temporary differences between the resources created by the activity and the need for funds to meet the payment of debts, working capital, etc. The Company's working capital was positive at year-end, which, together with the Company's capacity to generate funds, means that there is no significant liquidity risk.

### e) Concentration risk

The risk arising from the concentration of lending transactions with common characteristics is distributed as follows:

- Funding sources: in order to diversify this risk, the company and FCC Group work with a large number of Spanish and foreign financial entities to obtain funds.
- Markets/geography (domestic, foreign): the company basically operates in the Spanish market; accordingly, its debt is mainly concentrated in euros.
- Products: the company uses various financial products, such as loans, credit facilities, promissory notes, syndicated loans, assignments and discounting.

FCC 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.

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

### f) 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 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 company and FCC 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. With respect to credit ratings, the company applies its best judgement to impair financial assets on which it expects to incur credit losses over their entire lives. The Group regularly analyses changes in the public ratings of the entities to which it is exposed.

### g) Covid-19 risk

The Covid-19 pandemic has had a series of impacts on the accompanying financial statements both in operational and liquidity terms, which has also led to an update of the main estimates that affect the financial statements.

In operational terms, the impact of the Covid-19 crisis on the Company has been limited since the Company's activity has been considered by the different national authorities as essential without relevant interruptions of activity or loss of profitability in most of its assets.

In this regard, as shown in the attached income statement, the Company has maintained a positive "Operating Income" of 128,547 thousand euros, which represents 8.9% of revenue. "Cash flows from operational activities" amounted to 140,384 thousand euros as can be seen in the attached statement of cash flows.

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

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

- Fixed and non-current assets. The recoverable value of the main items of fixed and non-current assets that could show signs of impairment was reviewed (Notes 5 and 6).
- Financial instruments: The recoverable value of the main financial instruments was reviewed (Note 10).
- 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.

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

- Deferred tax assets: The assumptions (both in operational and tax terms) regarding the recoverability of these assets, contemplated in December 2019, have been updated, with the result that, under the same criteria used on that date, the impact of Covid-19 does not involve a reversal of the assets for deferred tax or a significant modification of recovery periods.
- Provisions: The level of provisions (Note 14) is considered suitable to cover all risks considered probable.

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

## 18. DEFERRED TAXES AND TAX MATTERS

### a) Balances with public authorities and deferred taxes

The detail of the balances of the public administrations heading on the asset and liability sides of the balance sheet is as follows:

| **Receivables:** | **2021** | | **2020** | |
|---|---|---|---|---|
| | **Current** | **Non-current** | **Current** | **Non-current** |
| Deferred tax assets | - | **11,188** | - | **11,136** |
| Other receivables | **9,131** | - | **7,955** | - |
| *- Tax refundable* | *83* | - | *146* | - |
| *- Value Added Tax receivable* | *4,273* | - | *2,538* | - |
| *- Other items* | *4,775* | - | *5,271* | - |
| | **9,131** | **11,188** | **7,955** | **11,136** |

| **Payables:** | **2021** | | **2020** | |
|---|---|---|---|---|
| | **Current** | **Non-current** | **Current** | **Non-current** |
| Deferred tax liabilities | - | **11,611** | - | **9,228** |
| Other payables | **58,186** | **-** | **62,483** | - |
| *- Withholdings* | *11,606* | - | *11,376* | - |
| *- VAT and other indirect taxes* | *15,784* | - | *14,635* | - |
| *- Social Security items payable* | *22,589* | - | *21,871* | - |
| *- Other items* | *8,207* | - | *14,601* | - |
| | **58,186** | **11,611** | **62,483** | **9,228** |

Deferred tax assets have been recognised in the balance sheet because the Company's directors believe that, based on the best estimate of the Company's future results, it is probable these assets will be recovered.

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

## b) Reconciliation of accounting profit and taxable income

The reconciliation between accounting profit and the taxable income for income tax purposes is as follows in 2021:

| | | | |
|---|---|---|---|
| **Accounting profit/(loss) before tax for 2021** | | | **116,087** |
| | **Additions** | **Reductions** | |
| Permanent differences | 1,855 | (15,982) | (14,127) |
| Temporary differences treated as permanent | 4,992 | (2,568) | 2,424 |
| **Adjusted accounting profit/(loss)** | | | **104,384** |
| Temporary differences | | | |
| -Arising in the year | 9,820 | (22,112) | (12,292) |
| -Arising in prior years | 17,086 | (10,552) | 6,534 |
| **Tax base (taxable profit/(loss)** | | | **98,626** |

Permanent differences relate to non-deductible expenses and to the double taxation exemption for dividends received from companies in accordance with Article 21.2 of the Consolidated Corporate Income Tax Law. The increases mainly include changes in portfolio impairment and reversals of credit recorded during the year.

Temporary differences treated as permanent include mainly changes of provisions.

Temporary differences are basically due to the results of the JVs and their different accounting and tax treatment. In this regard, the joint ventures in which the Company participates are subject to the tax transparency system and, therefore, allocate to their partner companies, in the year in which they are approved, the tax bases, withholdings and deductions.

The amount of withholdings and prepayments made in 2021 amounted to 14,746 thousand euros. The net payable to the FCC Group in Income Tax from FCC Medio Ambiente amounts to 11,021 thousand euros, which is recorded under the heading “Current debts with Group companies and associates” (see Note 10.d)

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

The detail and changes in deferred taxes in 2021 is as follows:

| Deferred income tax asset | Balance 31/12/2020 | Additions | Reductions | Balance 31/12/2021 |
|---|---|---|---|---|
| From provisions | 3,182 | 327 | (11) | 3,498 |
| For depreciation and amortisation | 3,074 | - | (140) | 2,934 |
| For JV offset | 3,913 | 2,455 | (2,407) | 3,961 |
| For other items | 967 | 32 | (296) | 703 |
| **Total.....** | **11,136** | **2,814** | **(2,854)** | **11,096** |

| Deferred income tax liability | Balance 31/12/2020 | Additions | Reductions | Balance 31/12/2021 |
|---|---|---|---|---|
| For elements in finance leases | 4,606 | 447 | - | 5,053 |
| For depreciation and amortisation | - | 688 | - | 688 |
| For JV offset | 4,622 | 5,528 | (4,400) | 5,750 |
| For other items | - | - | - | - |
| **Total.....** | **9,228** | **6,663** | **(4,400)** | **11,491** |

The reconciliation between accounting profit and the taxable income for income tax purposes is as follows in 2020:

| **Accounting profit/(loss) before tax for 2020** | | | **120,685** |
|---|---|---|---|
| | **Additions** | **Reductions** | |
| Permanent differences | 1,692 | (29,062) | (27,370) |
| Temporary differences treated as permanent | 3,658 | (202) | 3,456 |
| **Adjusted accounting profit/(loss)** | | | **96,771** |
| Temporary differences | | | |
| -Arising in the year | 13,596 | (16,760) | (3,164) |
| -Arising in prior years | 37,476 | (17,256) | 20,220 |
| **Tax base (taxable profit/(loss)** | | | **113,827** |

Permanent differences relate to non-deductible expenses and the double tax exemption for dividends received from companies in accordance with the provisions of article 21.2 TRLIS. The increase mainly includes changes in the portfolio impairments and credit reversals recorded in the year.

Temporary differences are basically due to the results of the JVs and their different accounting and tax treatment. In this regard, the joint ventures in which the Company participates are subject to the tax transparency system and, therefore, allocate to their partner companies, in the year in which they are approved, the tax bases, withholdings and deductions.

The amount of withholdings and prepayments in 2020 stood at 20,382 thousand euros. The net amount payable to the FCC Group for corporate income tax from FCC Medio Ambiente was 8,075 thousand euros (see Note 10.d).

The detail and changes in deferred taxes in 2020 were as follows:

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

| Deferred income tax asset | Balance 31/12/2019 | Additions | Reductions | Balance 31/12/2020 |
|---|---|---|---|---|
| From provisions | 2,290 | 1,218 | (326) | 3,182 |
| For depreciation and amortisation | 3,479 | - | (405) | 3,074 |
| For JV offset | 4,876 | 2,181 | (3,144) | 3,913 |
| For other items | 1,406 | - | (439) | 967 |
| **Total.....** | **12,051** | **3,399** | **(4,314)** | **11,136** |

| Deferred income tax liability | Balance 31/12/2019 | Additions | Reductions | Balance 31/12/2020 |
|---|---|---|---|---|
| For elements in finance leases | 4,498 | 108 | - | 4,606 |
| For depreciation and amortisation | 3,705 | - | (3,705) | - |
| For JV offset | 6,049 | 4,082 | (5,509) | 4,622 |
| For other items | 155 | - | (155) | |
| **Total.....** | **14,407** | **4,190** | **(9,369)** | **9,228** |

## c) Reconciliation of accounting profit to the income tax expense

The reconciliation of accounting profit to the income tax expense was as follows:

| | 2,021 | 2,020 |
|---|---|---|
| Adjusted accounting profit/(loss) | 104,383 | 96,771 |
| Income tax charge (25%) | 26,096 | 24,193 |
| Other adjustments | (1,461) | (618) |
| **Income tax expense** | **24,635** | **23,575** |

Other adjustments mainly arise from deductions and permanent differences for JVs compared to the tax projection in the previous year.

## d) Tax loss carryforwards and unused tax credits

At year-end 2021 and 2020, the Company had no tax loss carryforwards from prior years to be offset.

## e) Years open for review and tax audits

The Company has all the years not yet legally prescribed open for review by the tax authorities for the taxes applicable to it. Thus, for corporate income tax purposes, the company is open to inspection for the last four years from the date on which the relevant tax return was effectively filed. However, this limitation period is extended from four to ten years in relation to the application of tax losses and/or tax credits. From the criteria that the tax authorities may adopt in interpreting the tax rules, the results of current inspections or those that may be carried out in the future for the years open for inspection could give rise to contingent tax liabilities and the amount of which cannot be objectively measured at present. However, the Company's directors consider that the resulting liabilities would not have a material effect on the Company's equity.

In order to comply with the legal requirements regarding transfer prices, the Company has established the necessary procedures to justify them and it is considered that there are no significant risks from which contingent liabilities may arise.

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

At 31 December 2021, FCC Medio Ambiente, S.A.U. had provided guarantees to public bodies and private customers, mainly to guarantee the proper performance of municipal cleaning service contracts, amounting to 575,502 thousand euros (479,309 thousand euros in 2020). Also, at year-end, the company had provided securities and guarantees to third parties with regard to certain Group companies, totalling 172,287 thousand euros, mainly companies belonging to the Environmental Services division (157,768 thousand euros in 2020).

FCC Medio Ambiente, S.A.U., together with another FCC Group company, is listed as the personal guarantor of the bonds issued by FCC Servicios Medio Ambiente Holding, S.A. on 4 December 2019 for a total amount of 1,100,000 thousand euros.

On 15 January 2015, the Chamber of Competition of the National Commission on Markets and Competition issued a decision relating to file S/0429/12, for an alleged infringement of Article 1 of Law 15/2007 on the Defence of Competition, which affects FCC Medio Ambiente, S.A.U. and other FCC Group companies. At the end of January 2018, the FCC Group filed an administrative appeal before the National Court, alleging that there was no single and continuous infringement. 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.

The company’s stake in joint operations managed through joint ventures, joint ownership, participation accounts and other similar arrangements means that participants share joint and several liability for the activities performed.

However, the company's directors consider that the resulting liabilities would not have a material effect on the company's equity.

The company has not obtained any significant assets as a result of the guarantees enforced in its favour or released.

## 20. INCOME AND EXPENSES

In addition to sales and services, revenue includes dividends and accrued interest arising from finance extended to investees (Note 2).

The operating income from sales recorded in the income statement for 2021 and 2020 corresponds almost entirely to municipal sanitation activities.

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

The breakdown, by geographical market, of revenue and services provided from the Company's ordinary activity is as follows:

| AUTONOMOUS COMMUNITY | Amount 2021 | Percentage | Amount 2020 | Percentage |
|---|---|---|---|---|
| Andalusia | 165,362 | 11.59% | 152,445 | 11.56% |
| Aragón | 83,121 | 5.83% | 82,244 | 6.24% |
| Asturias | 30,408 | 2.13% | 29,480 | 2.23% |
| Balearic Islands | 20,796 | 1.46% | 18,837 | 1.43% |
| Valencian C. | 184,540 | 12.93% | 160,666 | 12.18% |
| Canary Islands | 76,819 | 5.38% | 74,314 | 5.63% |
| Cantabria | 3,902 | 0.27% | 3,971 | 0.30% |
| Castilla la Mancha | 5,900 | 0.41% | 5,473 | 0.41% |
| Castilla y León | 66,831 | 4.68% | 66,055 | 5.01% |
| Catalonia | 344,307 | 24.13% | 323,150 | 24.50% |
| Extremadura | 22,781 | 1.60% | 23,536 | 1.78% |
| Galicia | 55,591 | 3.90% | 47,172 | 3.58% |
| La Rioja | 13,520 | 0.95% | 12,327 | 0.93% |
| Madrid | 219,167 | 15.36% | 183,467 | 13.91% |
| Murcia | 17,177 | 1.20% | 16,956 | 1.29% |
| Navarre | 35,387 | 2.48% | 34,084 | 2.58% |
| Basque Country | 81,305 | 5.70% | 84,889 | 6.44% |
| **Total** | **1,426,914** | **100%** | **1,319,066** | **100%** |

The contribution to revenue in the year from the contracts operated through joint ventures amounts to 235,757 thousand euros (184,132 thousand euros in 2020).

Dividends and accrued interest from financing granted to investees are as follows:

| | 2021 | 2020 |
|---|---|---|
| Income from interests in Group companies and associates | 15,914 | 27,564 |
| Financial income from marketable securities and other financial instruments in Group companies and associates | 3,483 | 6,013 |
| **Total** | **19,397** | **33,577** |

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

The breakdown of income from shareholdings at the end of 2021 and 2020 is as follows:

| | 2021 | 2020 |
|---|---|---|
| Alfonso Benítez S.A. | - | 5,000 |
| Aparcamientos Concertados, S.A. | 218 | 312 |
| Atlas Gestión Medioambiental, S.A. | 2,365 | 2,876 |
| Castellana de Servicios | - | 1,000 |
| Compañía Catalana de Servicios | - | 1,000 |
| Corporación inmobiliaria Ibérica, S.A. | - | 3,000 |
| Ebesa | 1,779 | 1,160 |
| Ecobp, S.L. | 276 | 256 |
| Ecodeal - Gestao Integ.Resid.Indust.S.A. | 4,140 | 1,877 |
| Gandía Serveis Urbans, S.A. | 782 | 651 |
| Genius Canarias | - | 1,092 |
| Limpieza e Higiene de Cartagena, S.A. | 996 | 1,275 |
| Servicios de Levante, S.A. | - | 600 |
| Sistemas y Vehículos de Alta Tecnología, S.A. | - | 2,592 |
| Tirme, S.A. | 2,527 | 3,127 |
| Tratam. Industr. de Residuos Sólidos, S.A. | 2,210 | 977 |
| Vytrusa | 239 | 199 |
| Other | 382 | 570 |
| **Total** | **15,914** | **27,564** |

The "Staff expenses" heading at 31 December 2021 and 2020 comprises the following headings:

| | 2021 | 2020 |
|---|---|---|
| Wages and salaries | 666,186 | 632,341 |
| Labour costs | 244,363 | 234,299 |
| Provisions | 4,697 | - |
| **Total** | **915,246** | **866,640** |

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

## 21. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

### a) Transactions with related parties

Details of transactions with related parties in 2021 and 2020 are as follows:

| | (wholly owned) Group Companies | Joint ventures | Associates | Total |
|---|---|---|---|---|
| 2021 | | | | |
| Provision of services | 5,833 | 2,935 | 669 | 9,437 |
| Dividends | 6,903 | 6,483 | 2,528 | 15,914 |
| Financial expenses | 9,809 | 3 | 2 | 9,814 |
| Financial income | 3,483 | - | - | 3,483 |
| 2020 | | | | |
| Provision of services | 4,605 | 6,831 | 985 | 12,421 |
| Dividends | 19,236 | 5,201 | 3,127 | 27,564 |
| Financial expenses | 4,083 | 5 | 89 | 4,176 |
| Financial income | 6,013 | — | — | 6,013 |

### b) Balances with related parties

The detail of the balances with related parties at year-end was as follows:

| | (wholly owned) Group Companies | Joint ventures | Associates | Total |
|---|---|---|---|---|
| 2021 | | | | |
| Current financial assets (Note 10) | 76,662 | 2,173 | — | 78,835 |
| Non-current financial assets (Note 10) | 143,213 | 22,151 | 6,850 | 172,214 |
| Current payables (Note 10) | 194,383 | 458 | — | 194,841 |
| Non-current payables (Note 10) | 141,332 | — | 5,000 | 146,332 |
| Trade receivables | 56,446 | 2,357 | 1,719 | 60,522 |
| Trade payables | 13,731 | 2 | 54 | 13,787 |
| 2020 | | | | |
| Current financial assets (Note 10) | 58,567 | 326 | 68 | 58,961 |
| Non-current financial assets (Note 10) | 180,777 | — | 1 | 180,778 |
| Current payables (Note 10) | 213,539 | 646 | — | 214,185 |
| Non-current payables (Note 10) | 136,682 | — | 5,000 | 141,682 |
| Trade receivables | 44,173 | 2,064 | 1,368 | 47,605 |
| Trade payables | 18,858 | 78 | 107 | 19,042 |

The details of trade receivables from and trade payables to Group companies and associates are as follows:

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

| | 2021 | | 2020 | |
|---|---|---|---|---|
| **Company** | **Receivables** | **Payable** | **Receivables** | **Payable** |
| Tirme, S.A. | 1,547 | 51 | 1,034 | 100 |
| FCC Aqualia | 239 | 54 | 190 | 33 |
| FCC Ámbito | 798 | 75 | 49 | 78 |
| FCC, S.A. | 270 | 9,285 | 478 | 10,628 |
| FEDEMES, S.L. | 27 | 268 | 27 | 276 |
| Sistemas y Vehículos de Alta Tecnología, S.A. | 213 | 726 | 361 | 1,107 |
| FCC Environment Group (UK) | 28,570 | — | 12,705 | — |
| ABSA – M.A. | 530 | 4 | 687 | — |
| Servicios Especiales de Limpieza, S.A. | 391 | 148 | 434 | 147 |
| Limpieza e Higiene de Cartagena, S.A. | 7,737 | — | 11,181 | — |
| Corporación Inmobiliaria Ibérica S.A. | — | 383 | — | 238 |
| Sercovira, S.A | 2,233 | 6 | 1,834 | 20 |
| FCC Equal Cee, S.L. | 7 | 28 | 3 | 33 |
| FCC Equal Cee Andalucía | 15 | 126 | 23 | 1,976 |
| Azincourt Investment, S.L. | 2,144 | 0 | 1,919 | 73 |
| Gestió i Recuperació de Terrenys, S.A. Unipersonal | 17 | 677 | 33 | 850 |
| Gipuzkoa Ingurumena BI, S.A. | 208 | 53 | 6,015 | 17 |
| EBESA | 638 | — | 112 | — |
| Sermunegisa | 3,101 | — | 2,343 | — |
| Cementos Portland Valderrivas, S.A. | 245 | 5 | 619 | 50 |
| Emp.Mixta.Rincon de la Victoria, SA | 627 | — | 643 | — |
| Societat Municipal Medio Amb.Igualada | 2,408 | — | 2,045 | — |
| Other | 8,557 | 1,898 | 4,872 | 3,416 |
| | **60,522** | **13,787** | **47,605** | **19,042** |

## c) Transactions and contracts with the Sole Shareholder

In 2021, certain financial transactions were carried out with the Sole Shareholder (Notes 10 and 13). Transactions with the Sole Shareholder in 2020 related to dividends and financial transactions (Notes 10 and 13).

Also, the contracts in force at the current date with the Sole Shareholder have been explained in Note 10.

There have been no transactions with the Sole Shareholder other than those mentioned above.

## d) Remuneration to the Board of Directors and Senior Management

The Senior Management functions are performed by the employees of FCC, S.A. who are remunerated. The premium for civil liability insurance is recorded at FCC, S.A. and it should be noted that this parent company passes on management, administration and other service fees, a cost which is borne proportionally by each of its subsidiaries. The cost charged to the Company in 2021 and 2020 in this connect is included under "Other operating expenses".

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

During the financial year, no remuneration, salaries or allowances were accrued by members of the Board of Directors, and no pension or life insurance obligations were incurred with them and no advances had been given to them.

The Board of Directors is composed of three men.

### e) Duty of loyalty

At the end of 2021 neither the members of the Company's Board of Directors nor the persons related to them as defined in the Spanish Corporate Enterprises Act have informed the other members of the Board of Directors of any conflict situation.

## 22. INFORMATION ON THE ENVIRONMENT AND GREENHOUSE GAS EMISSION RIGHTS

As indicated in Note 1, the nature of the services provided by the Company is geared towards the protection and conservation of the environment, not just through the production activity itself: waste collection, operation and control of landfills, sewer cleaning, treatment and disposal of industrial waste, wastewater treatment, etc., but also for the development of this activity through the use of production techniques and systems aimed at reducing environmental impact in accordance with the limits established by regulations.

The development of the production activity described above requires the use of buildings, plant and specialised machinery that are efficient in protecting and conserving the environment.

The contingencies relating to the protection and improvement of the environment held by the Company at 31 December 2021 and 2020 are not significant amounts and management believes that they would not have a significant impact on the accompanying financial statements, which include operating provisions to cater for general and extraordinary contingencies that might arise.

The Company has not been assigned any greenhouse gas emission allowances.

## 23. OTHER INFORMATION

### a) Personnel

The average number of people employed by the company in 2021 and 2020 was as follows:

| | 2021 | 2020 |
|---|---|---|
| Executives and higher graduates | 86 | 86 |
| Technical specialists and middle graduates | 1,476 | 1,420 |
| Clerical and related | 497 | 474 |
| Remaining employees | 26,415 | 24,758 |
| | **28,474** | **26,738** |

The average number of people employed by the Company with a certified disability greater than or equal to 33% of the years 2021 and 2020.

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

| | 2021 | 2020 |
|---|---|---|
| Executives and higher graduates | 1 | 1 |
| Technical specialists and middle graduates | 24 | 23 |
| Clerical and related | 12 | 12 |
| Remaining employees | 737 | 622 |
| | **774** | **658** |

The numbers of employees, directors and senior executives at the company at 31 December 2021 and 2020, broken down by gender, were as follows:

| | Men | Women | Total |
|---|---|---|---|
| 2021 | | | |
| Executives and higher graduates | 76 | 10 | 86 |
| Technical specialists and middle graduates | 1,192 | 284 | 1,476 |
| Clerical and related | 161 | 336 | 497 |
| Remaining employees | 20,063 | 6,352 | 26,415 |
| | **21,492** | **6,982** | **28,474** |

| | Men | Women | Total |
|---|---|---|---|
| 2020 | | | |
| Executives and higher graduates | 74 | 11 | 85 |
| Technical specialists and middle graduates | 1,143 | 268 | 1,411 |
| Clerical and related | 152 | 320 | 472 |
| Remaining employees | 19,450 | 6,562 | 26,012 |
| | **20,819** | **7,161** | **27,980** |

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

### b) Remuneration to auditors

The following table shows the fees payable to the principal auditor, Ernst & Young, S.L. (Deloitte, S.L. in 2020) in 2021 and 2020 for the audit and non-audit services provided to the Company.

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Principal auditor | Other auditors | Total | Principal auditor | Other auditors | Total |
| Audit services | 58 | - | 58 | 72 | - | 72 |
| Other assurance services | - | 31 | 31 | 4 | 9 | 13 |
| **Total audit and related services** | **58** | **31** | **89** | **76** | **9** | **85** |
| Other services | - | 15 | 15 | - | 10 | 10 |
| **Total professional services** | **-** | **15** | **15** | **-** | **10** | **10** |
| **TOTAL** | **58** | **46** | **104** | **76** | **19** | **95** |

## 24. EVENTS AFTER THE REPORTING PERIOD

As of the date of preparation of these financial statements, no matters of a nature that could modify them or be the subject of additional information to that included in them had been disclosed.

## 25. ADDITIONAL NOTE FOR ENGLISH TRANSLATION

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain (see Note 2). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

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

# MANAGEMENT REPORT

## Performance of the Company in 2021

At the end of the year, the Company achieved revenue of 1,426,914 thousand euros, basing its activity mainly on municipal cleaning.

The following table shows the development of the Company in terms of sales, within revenue:

| | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Sales in thousands of euros | 77,759 | 1,332,985 | 1,319,066 | 1,426,914 |

The contribution to revenue in the year, from the contracts operated through joint ventures amounts to 219,175 thousand euros (218,558 thousand euros in 2020).

The growth in revenue in 2019 is due mainly to the segregation of Fomento de Construcciones y Contratas, S.A. (as company divesting the assets) and FCC Medio Ambiente, S.A.U. (as beneficiary company) (Note 1). The contracts transferred in the spinoff contributed 1,183,053 thousand euros.

FCC Group undertook this operation to streamline its organisational structure by organising the entire environmental services business line under an independent entity to optimise commercial, business and financial risk management through greater specialisation and a sharper individual focus.

The main risks to which the Company is exposed are contracting, execution and quality in the provision of municipal sanitation, and municipal and industrial cleaning services, and investment, financial and human resources risks, as well as general business risks.

To the extent that the Company is part of the FCC Group, there are risk policies aimed at limiting the impact of risks on the Company's financial statements and its normal course of business.

## Disclosures required by Law 31/2014

During the year, the Company maintains part of its payment commitments over and above the provisions of Law 3/2004 and Law 15/2010 on measures to combat late payment in commercial transactions. The Company has planned measures aimed at reducing this period for the next financial year, including the modification of the commercial agreements it has with external suppliers, where such adaptation is possible.

## Financial Risk Management Policy

Foreign currency risk. The current positioning of FCC Medio Ambiente, S.A.U. in international markets means that exchange rate risk has a moderate effect. However, the FCC Group's policy is to reduce, as far as possible, the negative effect that this risk could have on its financial statements, both due to transactional and purely equity changes. In practice, the effect of the

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

former is mitigated, provided that the volume of transactions warrants this, by entering into appropriate hedging instruments on the market. With regard to the latter, i.e. balance sheet transactions, the Company's policy, when the situation so requires and provided that the financial markets offer liquidity, instruments and terms, is to try to obtain coverage by arranging financing transactions in the same currency in which the asset is denominated.

Interest rate risk. In view of the nature of our activities, in which working capital management plays an essential role, our policy is to determine benchmarks for our financial debt that reflect changes in inflation with greater reliability. Therefore, our company's policy is to endeavour to ensure that both current financial assets, which to a large extent provide natural hedges for our current financial liabilities, and debt are tied to floating interest rates. In long-term transactions, where required by the Group's financial structure, debt is at fixed rates for a term that matches the maturity cycle of the transaction in question, all within the possibilities offered by the market.

Solvency risk. To mitigate liquidity risk, the Company is present at all times in different markets in a bid to obtain credit facilities and minimise the risk arising from the concentration of operations. It raises finance from various Spanish and international financial institutions and works with a wide range of financial products, such as credits, loans and discounts.

## Environmental management policy

The very nature of the activity carried out by the Company is aimed at the protection and conservation of the environment, not only through productive activity but through: waste collection, 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 in accordance with the limits established by the regulations on these matters.

The contingencies relating to the protection and improvement of the environment held by the Company at 31 December 2021 and 2020 are not significant amounts and management believes that they would not have a significant impact on the accompanying financial statements, which include operating provisions to cater for general and extraordinary contingencies that might arise.

## Research and Development Activities

In the year there were no Research and Development activities.

## Acquisition of Own Shares

No purchases of own shares were made during the year.

## Use of Financial Instruments

There is no relevant additional information to that included in the financial statements regarding financial instruments.

## Subsequent events at the end of the year

No significant event occurred between the reporting date and the date of authorisation for issue of these financial statements with a significant impact on the Company's financial position that has not been disclosed in the notes to the financial statement.

**Forecast for the year 2022**

The outlook for the year 2022 remains favourable, in terms of both growth of activity and results. Therefore, growth is expected from new contract wins and contributions received from the JVs set up in 2021.

**Non-Financial Statement**

The Company is included in the consolidated Non-Financial Statement that is part of the larger Consolidated Management Report of Fomento de Construcciones y Contratas S.A. and Subsidiaries.

This Non-Financial Statement has been prepared pursuant to the requirements set out in Spanish Law 11/2018 of 28 December, amending the Code of Commerce, the consolidated text of the Corporate Enterprises Act approved by Royal Decree Legislative 1/2010 of 2 July, and Law 22/2015 of 20 July, on audits, in matters of non-financial information and diversity. The consolidated management report of Fomento de Construcciones y Contratas, S.A. and Subsidiaries is filed at the Barcelona Mercantile Register.

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

ANNEX I

## GROUP COMPANIES

| Company | Book value | | % of ownership | Dividend collections | Capital | Reserves | Other equity line items | Profit/(loss) for 2021 | |
|---|---|---|---|---|---|---|---|---|---|
| | Assets | Impairment | | | | | | Operating profit or loss | Continuing operations |
| ALFONSO BENÍTEZ, S.A.<br>Federico Salmón, 13 - Madrid<br>- Urban sanitation - | 374 | - | 99.95% | - | 114 | 6,108 | - | 6,704 | 4,835 |
| APARCAMIENTOS CONCERTADOS, S.A.<br>Arquitecto Gaudí, 4 – Madrid<br>- Car parks - | 2,500 | (1,666) | 100% | 219 | 630 | 204 | - | 638 | 519 |
| ARMIGESA, S.A.<br>Pza. constitución, s/n – Armilla (Granada)<br>- Urban sanitation - | 612 | - | 51% | - | 1,200 | 751 | - | 321 | 241 |
| CASTELLANA DE SERVICIOS, S.A.<br>Federico Salmón, 13 - Madrid<br>- Urban sanitation - | 6 | - | 99.98% | 0 | 300 | 586 | - | 586 | 426 |
| CORPORACIÓN INMOBILIARIA IBÉRICA, S.A.<br>Balmes, 36 – Barcelona<br>- Property rental | 6,442 | - | 0% | 0 | 6,450 | 3,431 | - | 1,649 | 1,183 |
| ECODEAL GESTAO INTEGRAL DE RESIDUOS INDUSTRIAIS, S.A.<br>Eco-Parque do Relvao Pinhal do Duque – Carregueira – Portugal<br>- Waste treatment - | 1,341 | - | 53.62% | 4,140 | 2,500 | 2,026 | - | 8,352 | 6,491 |
| ECOGENESIS, S.A.<br>Athens, Greece<br>- Urban sanitation - | 61 | (61) | 51% | - | 60 | (68) | - | - | - |
| ECOPARQUE MANCOMUNIDAD DEL ESTE, S.A.<br>Federico Salmón, 13 - Madrid<br>- Waste treatment - | 36,855 | - | 99.99% | - | 16,805 | 27,633 | - | 8,892 | 5,881 |
| EGYPT ENVIRONMENTAL SERVICES, S.A.E.<br>Cairo – Egypt<br>- Urban sanitation - | 80 | (60) | dir. 97.00%<br>indt. 1% | - | 8,000 | (539) | - | (120) | (79) |
| EMPRESA COMARCAL DE SERVEIS MEDIAMBIENTAIS DEL BAIX PENEDES, S.L.<br>Pl. Centre, 3- EL Vendrell (Tarragona)<br>- Urban sanitation - | 200 | - | 66.60% | 276 | 540 | 469 | - | 642 | 474 |

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

ANNEX I/2

## GROUP COMPANIES

| Company | Book value | | % of ownership | | Dividend collections | Capital | Reserves | Other equity line items | Profit/(loss) for 2021 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Assets | Impairment | | | | | | | Operating profit or loss | Continuing operations |
| FCC ENVIRONMENT PORTUGAL, S.A.<br>Lisbon – Portugal<br>- Urban sanitation - | 641 | - | | 100% | - | 611 | 4.607 | - | 410 | 302 |
| FCC EQUAL CEE ANDALUCIA, S.L<br>Avda Moliere, 36 – Edif. Cristal 9/1 P – Málaga<br>- Social services | 3 | - | | 100% | - | 3 | - | - | 536 | - |
| FCC EQUAL CEE BALEARES, S.L.U.<br>Camino Fondo, 27 – Palma (Balearic Islands)<br>- Social services | 3 | - | | 100% | - | 3 | - | - | (1) | - |
| FCC EQUAL CEE COMUNIDAD VALENCIANA, S.L.<br>Riu Magre, 6 - P.I. Patada del Cid - Quart de Poblet (Valencia)<br>- Social services | 3 | - | | 100% | - | 3 | 372 | - | 661 | 496 |
| FCC EQUAL CEE MURCIA, S.L.<br>Luis Pasteur, 8- Cartagena (Murcia)<br>- Social services | 3 | - | | 100% | - | 3 | - | - | - | - |
| FCC EQUAL CEE, S.L.<br>Federico Salmón, 13 – Madrid<br>- Social services | 3 | - | | 100% | - | 3 | 438 | - | 204 | 143 |
| GANDÍA SERVEIS URBANS, S.A.<br>Llanterners, 6 – Gandía (Valencia)<br>- Urban sanitation - | 78 | - | | 95% | 782 | 120 | 1,882 | - | 1,274 | 628 |
| GENEUS CANARIAS, S.L.<br>Electricista, 2-U.I. De Salinetas – Telde (Las Palmas GC)<br>- Waste treatment - | 2,707 | - | | 100% | - | 1,714 | 993 | 59 | 760 | 625 |
| GIPUZKOAINGURUMENA BI, S.A.<br>P.I. Zubiondo – Parc. A5 – Hernani (Guipúzcoa)<br>- Urban sanitation - | 1,950 | - | dir.<br>indt. | 60%<br>22% | - | 3,250 | (909) | (845) | 2,673 | 1,558 |
| GOLRIB, SOL RESIDUOS LDA.<br>Lisbon – Portugal<br>- Waste treatment - | 3 | - | | 54% | 252 | 5 | 11 | - | 800 | 620 |

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



## GROUP COMPANIES

| Company | Book value | | % of ownership | Dividend collections | Capital | Reserves | Other equity line items | Profit/(loss) for 2021 | |
|---|---|---|---|---|---|---|---|---|---|
| | Assets | Impairment | | | | | | Operating profit or loss | Continuing operations |
| JAIME FRANQUESA, S.A.<br>P.I. Zona Franca Sector B Calle D 49 – Barcelona<br>- Urban sanitation - | 18,515 | (18,515) | 100% | - | 150 | (71) | - | (67) | (62) |
| LIMPIEZA E HIGIENE DE CARTAGENA, S.A.<br>Luis Pasteur, 6- Cartagena (Murcia)<br>- Saneamiento Urbano - | 270 | - | 90% | 996 | 301 | 60 | - | 1,631 | 1,396 |
| LIMPIEZAS URBANAS DE MALLORCA, S.A.<br>Crta. Can Picafort, s/n – Santa Margálida (Balearic Islands)<br>- Urban sanitation - | 2,885 | - | 99.92% | - | 308 | 2,574 | - | 24 | (25) |
| SERCOVIRA, S.A.<br>Doctor Jiménez Rueda, 10 – Atarfe (Granada)<br>- Urban sanitation - | 1,334 | (573) | 60.00% | - | 2,224 | (938) | - | 137 | 59 |
| SERVEIS MUNICIPALS DE NETEJA DE GIRONA, S.A.<br>Pl. Del Vi, 1 – Girona<br>- Urban sanitation - | 1,451 | (1,451) | 75.00% | - | 60 | (21) | - | (341) | (378) |
| SERVICIOS DE LEVANTE, S.A.<br>Camino Pía Museros, s/n – Castellón<br>- Urban sanitation - | 63 | - | 99.98% | 0 | 300 | 1,039 | - | 495 | 329 |
| SERVICIOS ESPECIALES DE LIMPIEZA, S.A.<br>Federico Salmón, 13 – Madrid<br>- Urban sanitation - | 202 | - | 99.99% | - | 114 | 4,726 | - | 1,967 | 1,444 |
| SISTEMAS Y VEHÍCULOS DE ALTA TECNOLOGÍA, S.A<br>Federico Salmón, 13 – Madrid<br>- Marketing of high-tech equipment - | 8,274 | - | 99.99% | - | 180 | 8,094 | - | 1,979 | 1,294 |
| SOCIETAT MUNICIPAL MEDIAMBIENTAL D'IGUALADA, S.L.<br>Pl. del Ajuntament, 1- Igualada (Barcelona)<br>- Urban sanitation - | 870 | (191) | 65.91% | - | 1,320 | (71) | - | (272) | (218) |
| VALORACION Y TRATAMIENTO DE RESIDUOS URBANOS, S.A.<br>Riu Magre, 6 - P.I. Patada del Cid – Quart de Poblet (Valencia)<br>- Urban sanitation - | 4,000 | - | 80% | 239 | 5,000 | 5,574 | - | 2,220 | 1,582 |

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



## GROUP COMPANIES

| Company | Book value | | % of ownership | Dividend collections | Capital | Reserves | Other equity line items | Profit/(loss) for 2021 | |
|---|---|---|---|---|---|---|---|---|---|
| | Assets | Impairment | | | | | | Operating profit or loss | Continuing operations |
| VALORIZACIÓN Y TRATAMIENTO DE RESIDUOS, S.A.<br>Federico Salmón, 13 - Madrid<br>- Saneamiento Urbano - | 7,140 | - | 99% | - | 60 | 8,244 | - | 1,280 | 3,835 |
| TOTAL | 98,868 | (22,516) | | 6,903 | | | | | |

NOTE:

- During the year, the Company disclosed the information required by Art. 155 of the Consolidated Text of the Corporate Enterprises Act (Ley de Sociedades de Capital) to the investee companies in which it had acquired a direct or indirect stake of more than 10%.

## JOINT VENTURES

ANNEX II

| | % of ownership |
|---|---|
| JV A CORUÑA LIMPIEZA | 70 |
| JV AGARBI | 60 |
| JV AGARBI BI | 60 |
| JV AGARBI INTERIORES | 20 |
| JV AIZMENDI | 60 |
| JV AKEI | 60 |
| JV ALCANTARILLADO ALCOY | 50 |
| JV ALCANTARILLADO BURGOS | 60 |
| JV ALCANTARILLADO MELILLA | 50 |
| JV ALELLA | 50 |
| JV ALUMBRADO BAZA | 100 |
| JV ALUMBRADO GELVES | 50 |
| JV ALUMBRADO GRANADA | 50 |
| JV ALUMBRADO LEPE | 50 |
| JV ALUMBRADO MONT-ROIG DEL CAMP | 50 |
| JV ALUMBRADO TIAS | 33.5 |
| JV AMPLIACIÓN VERTEDERO PINTO | 50 |
| JV ARAZURI 2016 | 50 |
| JV ARAZURI 2020 | 50 |
| JV ARCOS | 51 |
| JV ARTIGAS | 20 |
| JV ARUCAS II | 70 |
| JV BAIX EBRE-MONTSIÀ | 60 |
| JV BARBERÁ SERVEIS AMBIENTALS | 100 |
| JV BERANGO | 20 |
| JV BILBOKO SANEAMENDU | 50 |
| JV BILBOKO SANEAMENDU BI | 50 |
| JV BILKETA 2017 | 20 |
| JV BIO LORATEGIAK | 20 |
| JV BIOCOMPOST DE ALAVA | 50 |
| JV BIZKAIAKO HONDARTZAK | 25 |
| JV BIZKAIKO HONDARTZAK 2021 | 25 |
| JV BOADILLA | 50 |
| JV CABRERA DE MAR | 50 |
| JV CANA PUTXA | 20 |
| JV CENTRO AMBIENTAL PAMPLONA | 50 |
| JV CHIPIONA | 50 |
| JV CMG2 KUDEAKETA | 60 |
| JV CMG2 LANAK | 60 |
| JV COMPLEJO AMBIENTAL COPERO | 33 |
| JV CONTENEDORES LAS PALMAS | 30 |
| JV CTR VALLADOLID | 80 |
| JV CTR.DE L'ALT EMPORDA | 45 |
| JV CTR-VALLES | 20 |

## JOINT VENTURES



| | % of ownership |
|---|---|
| JV CÚA | 50 |
| JV DESODORIZACIÓN PL. DEHESAS | 60 |
| JV DONOSTIAKO GARBIKETA | 70 |
| JV DOS AGUAS | 35 |
| JV ECO A CORUÑA | 85 |
| JV ECOGONDOMAR | 70 |
| JV ECOPARQUE CÁCERES | 50 |
| JV ECOURENSE | 50 |
| JV EFIC. ENERG. PTO ROSARIO | 60 |
| JV ELCHE | 50 |
| JV ELEMENTOS TEMÁTICOS | 100 |
| JV ENERGÍA SOLAR ONDA | 25 |
| JV ENLLUMENAT SABADELL | 50 |
| JV ENVASES LIGEROS MALAGA | 50 |
| JV EPELEKO KONPOSTA | 60 |
| JV EPELEKO PLANTA | 35 |
| JV EPREMASA PROVINCIAL | 55 |
| JV ERETZA | 70 |
| JV ES VEDRA | 25 |
| JV ETXEBARRI | 20 |
| JV F.L.F.LA PLANA | 47 |
| F.S.S. JV | 99 |
| JV FCC CAVICLUM | 80 |
| JV FCC PERICA I | 60 |
| JV FCC SA/CONTENUR SL – PARQUES INFANTILES LP | 50 |
| JV FCC SEGURETAT URBICSA | 60 |
| JV FCC-ERS LOS PALACIOS-VILLAFRANCA | 50 |
| JV FCC-FCCMA ALCOY | 100 |
| JV FCC-MCC SANTIAGO DEL TEIDE | 80 |
| JV FCC-PALAFRUGELL | 100 |
| JV FCCSA - GIRSA | 80 |
| JV FCCSA- LUMSA | 50 |
| JV FCC-SUFI MAJADAHONDA | 50 |
| JV FUENTES DE CÁDIZ | 50 |
| JV FUENTES LAS PALMAS | 25 |
| JV GESTIÓ INTEGRAL DE RUNES DEL PAPIOL | 40 |
| JV GESTIÓN INSTALACIÓN III | 34.99 |
| JV GESTIÓN SERV.DEP.CATARROJA | 100 |
| JV GIPUZKOAKO HONDARTZAK 2020 | 60 |
| JV GIPUZKOAKO PORTUAK 2019 | 40 |
| JV GIREF | 20 |
| JV GOIERRI GARBIA | 60 |
| JV ICAT LOTE 11 | 50 |
| JV ICAT LOTE 15 | 50 |

## JOINT VENTURES

ANNEX II/3

| | % of ownership |
|---|---|
| JV ICAT LOTE 20 Y 22 | 70 |
| JV ICAT LOTE 7 | 50 |
| JV INTERIORES BILBAO | 80 |
| JV INTERIORES BILBAO II | 30 |
| JV INTERIORES ORDUÑA | 20 |
| JV JARD. UNIVERSITAT JAUME I | 50 |
| JV JARDINERAS 2019 | 60 |
| JV JARDINES BOADILLA | 70 |
| JV JARDINES PROTECCIÓN ESPECIAL | 50 |
| JV JARDINES PTO DEL ROSARIO | 78 |
| JV JARDINES TELDE | 100 |
| JV JARDINES UJI | 50 |
| JV JARDINS STA. COLOMA | 100 |
| JV JEREZ | 70 |
| JV JUNDIZ II | 51 |
| JV KIMAKETAK BI | 50 |
| JV KIMAKETAK HIRU | 50 |
| JV LA LLOMA DEL BIRLET | 80 |
| JV LACODIMA | 50 |
| JV LAS CALDAS GOLF | 50 |
| JV LEGIO VII | 50 |
| JV LEKEITIO GARBIA | 20 |
| JV LEKEITIOKO MANTENIMENDUA | 60 |
| JV LEZO GARBIKETA 2018 | 55 |
| JV LIMPIEZA Y RSU LEZO | 55 |
| JV LITORAL ILLES BALEARS | 50 |
| JV LOGROÑO LIMPIO | 50 |
| JV LUZE VIGO | 20 |
| JV LV ORDUÑA | 20 |
| JV LV RIBERA | 90 |
| JV LV RSU MUSKIZ | 20 |
| JV LV RSU VITORIA-GASTEIZ | 60 |
| JV LV ZUMAIA | 60 |
| JV LV ZUMARRAGA | 60 |
| JV MADRID ZONA 6 | 100 |
| JV MANACOR | 30 |
| JV MANT. BUILDINGS VALENCIA | 27.5 |
| JV MANT. INSTALLATIONS L9 | 50 |
| JV MANTENIMENT HABITATGE B1 | 100 |
| JV MANTENIMENT REG CORNELLA | 60 |
| JV MANTENIMIENTO BREÑA ALTA | 50 |
| JV MEJORAS PARQUE SAN ISIDRO | 99 |
| JV MELILLA | 50 |
| JV MNTO ED MOSSOS ESQUADRA | 70 |

## JOINT VENTURES



| | % of ownership |
|---|---|
| JV MNTO MEDITERRANEA FCC | 50 |
| JV MODIFICACION PLANTA LAS DEHESAS | 50 |
| JV MUSKIZ | 20 |
| JV NEUMÁTICA CASCO ANTIGUO | 65 |
| JV OBRAS JARDINES | 100 |
| JV ONDA EXPLOTACION | 33.334 |
| JV PÁJARA | 70 |
| JV PAMPLONA | 80 |
| JV PARLA | 50 |
| JV PASAIA | 70 |
| JV PISCINA CUB.MUN.L'ELIANA | 100 |
| JV PISCINA CUBIERTA BENICARLO | 100 |
| JV PISCINA CUBIERTA CDAD.DEPORTE ALBORAYA | 100 |
| JV PISCINA CUBIERTA MANISES | 100 |
| JV PISCINA CUBIERTA PAIPORTA | 100 |
| JV PLANTA ESTABILIZAC. TUDELA | 55 |
| JV PLANTA MATERIA ORGÁNICA | 40 |
| JV PLANTA RSI TUDELA | 60 |
| JV PLANTA TR. FUERTEVENTURA | 70 |
| JV PLANTA TRANSFERENCIA FTV 2 | 70 |
| JV PLANTA TRATAM. VALLADOLID | 90 |
| JV PLAYAS GIPUZKOA III | 55 |
| JV PONIENTE ALMERIENSE | 50 |
| JV PORTMANY | 50 |
| JV PTMR | 50 |
| JV PUERTO DE PTO DEL ROSARIO | 70 |
| JV PUERTO II | 70 |
| JV RBU VILLA-REAL | 47 |
| JV RBU. ELS PORTS | 50 |
| JV RECOLLIDA SEGRIÀ | 60 |
| JV REG CORNELLÀ | 60 |
| JV REHAB. LA GAVIA PARK | 45 |
| JV RELIMA | 50 |
| JV RESIDUOS 3 ZONAS NAVARRA | 60 |
| JV RSU BILBAO II | 20 |
| JV RSU CHIPIONA | 50 |
| JV RSU LV S. BME TIRAJANA | 50 |
| JV RSU MÁLAGA | 50 |
| JV RSU SESTAO | 60 |
| JV RSU TOLOSALDEA | 60 |
| JV RSU Y LV COLMENAR VIEJO | 50 |
| JV RSU Y LV TORREJÓN DE ARDOZ | 60 |
| S.U. BENICASSIM | 35 |
| S.U. OROPESA DEL MAR | 35 |

## JOINT VENTURES

ANNEX II/5

| | % of ownership |
|---|---|
| S.U. BILBAO | 60 |
| JV SAN FERNANDO | 100 |
| JV SANEAMIENTO EMASA | 50 |
| JV SANEAMIENTO VITORIAGASTEIZ | 60 |
| JV SANEJAMENT CELLERA DE TER | 50 |
| JV SANEJAMENT MANRESA | 100 |
| JV SAV-FCC TRATAMIENTOS | 35 |
| JV SELEC. UROLA KOSTA II 2017 | 60 |
| JV SELECTIVA LAS PALMAS | 55 |
| JV SELECTIVA SAN MARCOS II | 63 |
| JV SELECTIVA SANLUCAR | 50 |
| JV SELECTIVA UROLA KOSTA | 60 |
| JV SEVILLA AREAS TERRITORIALES | 50 |
| JV SOLARES CEUTA | 50 |
| JV STO. URBANO CASTELLÓN | 65 |
| JV SU ALICANTE | 33.33 |
| JV SU MURO | 20 |
| JV TOLOSAKO GARBIKETA | 40 |
| JV TOLOSAKO GARBIKETA 2020 | 40 |
| JV TOLOSALDEA RSU 2018 | 60 |
| JV TORREJÓN | 25 |
| JV TRANSP. Y ELIM. RSU | 33.334 |
| JV TRANSPORTE RSU | 33.334 |
| JV TXINGUDIKO GARBIKETA | 73 |
| JV UROLA ERDIA | 60 |
| JV URRETXU GARBIKETA | 60 |
| JV URRETXU Y ZUMARRAGA | 65 |
| JV VALDEMORO | 100 |
| JV VALDEMORO 2 | 100 |
| JV VERTEDERO GARDELEGUI III | 70 |
| JV VERTRESA | 10 |
| JV VIDRIO MELILLA | 50 |
| JV VIGO RECICLA | 70 |
| JV ZAMORA LIMPIA | 30 |
| JV ZARAGOZA ALCANTARILLADO | 50 |
| JV ZARAGOZA DELICIAS | 51 |
| JV ZARAUTZ GARBIA | 60 |
| JV ZARAUZKO GARBIKETA | 60 |
| JV ZUMAIA | 60 |
| JV ZUMARRAGA GARBIA | 60 |
| JV ZURITA II | 50 |

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

## ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

ANNEX III

| Company | Book value | | % of ownership | Dividend collections | Capital | Reserves | Other equity items | Profit/(loss) for 2021 | |
|---|---|---|---|---|---|---|---|---|---|
| | Assets | Impairment | | | | | | Operating profit or loss | Continuing operations |
| ATLAS GESTION MEDIOAMBIENTAL, S.A.<br>Viriato, 47 – Barcelona<br>-Waste treatment - | 11,945 | - | 50% | 2,365 | 1,269 | 5,694 | - | 5,587 | 3,841 |
| ECOPARC DEL BESÓS, S.A.<br>Rambla Catalunya, 91-93 – Barcelona<br>- Urban sanitation - | 2,621 | - | dtr. 31%<br>indt. 18% | 1,779 | 7,710 | 2,746 | 7,050 | 6,767 | 4,513 |
| ECOSERVEIS URBANS FIGUERES, S.L<br>Avda De Les Alegries, s/n – Lloret de Mar<br>- Urban sanitation - | 301 | - | 50% | 47 | 601 | 115 | - | 38 | 58 |
| EMPRESA MIXTA DE MEDIO AMBIENTE DE RINCON DE LA VICTORIA, S.A.<br>Barriada de las Zorreras, s/n – Rincón de la Victoria (Málaga)<br>- Urban sanitation - | 301 | - | 50% | - | 601 | 59 | - | 46 | 8 |
| EMPRESA MIXTA LIMPIEZA VILLA DETORROX, S.A.<br>Pl. de la Constitución, 1 - Torrox (Málaga)<br>- Urban sanitation - | 300 | - | 50% | 68 | 600 | 280 | - | 70 | 52 |
| GESTIÓN INTEGRAL DE RESIDUOS SÓLIDOS, S.A.<br>Profesor Beltrán Báguena, 4 - Valencia<br>-Waste treatment - | 10,781 | (5,460) | 49% | - | 13,124 | (2,312) | 236 | 154 | 68 |
| GIREF GENERACIÓN RENOVABLE, S.L.<br>Pedro Lafayo, 6 - Eivissa/Ibiza (Balearic Islands)<br>- Energy | 2 | - | 20% | - | 8 | - | - | - | - |

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

## ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

ANNEX III/2

| Company | Book value | | % of ownership | Dividend collections | Capital | Reserves | Other equity items | Profit/(loss) for 2021 | |
|---|---|---|---|---|---|---|---|---|---|
| | Assets | Impairment | | | | | | Operating profit or loss | Continuing operations |
| INGENIERÍA URBANA, S.A.<br>Calle 1 esq. Calle 3, P.I. Pla de la Vallonga – Alicante<br>- Urban sanitation - | 3,786 | - | 35% | 15 | 6,010 | 5,980 | - | 8 | 38 |
| PALACIO EXPOSICIONES Y CONGRESOS DE GRANADA, S.A.<br>Paseo del Violón, s/n – Granada<br>- Urban sanitation - | 255 | (255) | 50% | - | 510 | (4,448) | - | (1,368) | (1,382) |
| SERVICIOS URBANOS DE MÁLAGA, S.A.<br>Av. Camino de Santiago, 40 – Madrid<br>- Urban sanitation - | 1,610 | - | 51% | - | 3,156 | 3,151 | - | (52) | (50) |
| TIRME, S.A.<br>Crta. Sóller, Km 8,2-Caminode Son Reus-Palma (Balearic Islands)<br>- Waste treatment - | 1,529 | - | 20% | 2,528 | 7,663 | 920 | 3,864 | 22,610 | 18,140 |
| TRATAMIENTO INDUSTRIAL DE RESIDUOS SÓLIDOS, S.A.<br>Rambla de Cataluña, 91 – Barcelona<br>- Waste treatment - | 1,286 | - | 33.33% | 2,210 | 1,127 | 1,144 | - | 2,705 | 5,003 |
| TOTAL | 34,716 | (5,715) | | 9,011 | | | | | |