

Audit Report on Consolidated Financial Statements
issued by an Independent Auditor

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

Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2022



AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

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

To the shareholders of Fomento de Construcciones y Contratas, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Fomento de Construcciones y Contratas, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2022, the consolidated income statement, the consolidated statement of recognised income and expense, the total statement of changes in the consolidated equity, the statement of consolidated cash flow, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2022 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

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

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

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

Key audit matters

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

Measurement of goodwill of Corporación Uniland

Description As explained in note 6 to the accompanying consolidated financial statements, "Goodwill" in the consolidated balance sheet as at 31 December 2022 included the goodwill arising from the cash-generating unit Corporación Uniland (CGU), in the Cement business, with a carrying amount of 29,593 thousand euros. Impairment of goodwill amounting to 196,288 thousand euros was recognized in 2022.

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

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

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

Disclosures on the measurement standards applied and key assumptions for determining the impairment of goodwill are provided in notes 3.b and 6.b to the consolidated financial statements.

Our response

In relation to this matter, our audit procedures included:

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

Recoverability of the deferred tax assets of the Spain Tax Group

Description As explained in note 23 to the accompanying consolidated financial statements, at 31 December 2022 the Group recognised deferred tax assets on the consolidated balance sheet for the Spain Tax Group amounting to 584,340 thousand euros.

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

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

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

**Our
response**

In relation to this matter, our audit procedures included:

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

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

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

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

Given the significance of the amounts involved since this affects a large portion of total "Revenue" and the measurement of completed work pending certification recognised under "Trade and other receivables", which amounted to 333,215 thousand euros at 31 December 2022, and the complexity required to make these estimates, which requires Group management to make judgements in determining the assumptions used, which means changes in those assumptions could give rise to material differences in the amount of revenue recognised, we determined this to be a key audit matter.

Information on the applicable measurement standards and the disclosures for revenue are provided in notes 3.s and 26 to the accompanying consolidated financial statements.

**Our
response**

In relation to this matter, our audit procedures included:

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

Measurement of Investment properties and Inventories

Description At 31 December 2022, the Group recognised an amount of 2,122,854 thousand euros in the consolidated balance sheet under "Investment properties" related mainly to office buildings and shopping centres held to earn rentals or for capital appreciation, and 763,867 thousand euros under "Inventory" relating to land, developments in progress and other properties held for sale or inclusion in a real estate development.

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

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

Information on the measurement standards for investment properties and inventories is provided in note 3.j to the consolidated financial statements. Information on the approaches and main assumptions used in the valuations and sensitivity analyses is provided in notes 8 and 14 to the consolidated financial statements.

**Our
response**

In relation to this matter, our audit procedures included:

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

Other information: consolidated management report

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

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

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

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

Responsibilities of the parent company's directors and the Audit and Control Committee for the consolidated financial statements

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

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

The Audit and Control Committee is responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Fomento de Construcción y Contratas, S.A. and subsidiaries for the 2022 financial year, which include the XHTML file containing the consolidated financial statements for the year, and the XBRL files as labeled by the entity, which will form part of the annual financial report. The directors of Fomento de Construcción y Contratas, S.A. are responsible for submitting the annual financial report for the 2022 financial year, in accordance with the formatting and mark-up requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation). In this regard, the Annual Corporate Governance Report and the Annual Directors' Remuneration Report have been incorporated by reference in the consolidated management report.

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

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

Additional report to the Audit and Control Committee of the parent company

The opinion expressed in this audit report is consistent with the additional report we issued to the Audit and Control Committee of the parent company on February 23, 2023.

Term of engagement

The ordinary general shareholders' meeting held on June 2, 2020 appointed us as auditors of the Group for 3 years, commencing on December 31, 2021.

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

(Signature on the original in Spanish)

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

February 24, 2023

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

Financial statements

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2022 (in thousands of euros)

ASSETS

ASSETS	Notes	31/12/2022	31/12/2021
NON-CURRENT ASSETS		9,874,542	9,074,069
Intangible assets	6	2,342,148	2,445,233
Concessions	6 and 10	1,512,644	1,439,706
Goodwill		761,683	948,976
Other intangible fixed and non-current assets		67,821	56,551
Property, plant and equipment	7	3,496,804	2,862,556
Land and buildings		1,027,556	987,119
Plant and other items of property, plant and equipment		2,469,248	1,875,437
Investment property	8	2,122,854	2,069,187
Investments accounted for using the equity method	11	502,629	533,842
Non-current financial assets	13	910,567	604,020
Deferred tax assets	23	499,540	559,231
CURRENT ASSETS		5,407,999	5,168,089
Inventory	14	1,143,202	1,107,262
Trade and other receivables	15	2,409,262	2,277,734
Trade receivables for sales and services		2,020,809	1,845,214
Other loans		301,935	258,165
Current tax assets	23	86,518	174,355
Other current financial assets	13	221,252	184,365
Other current assets	15	58,745	63,203
Cash and cash equivalents	16	1,575,538	1,535,525
TOTAL ASSETS		15,282,541	14,242,158

The accompanying Notes 1 to 32 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2022 consolidated income statements.

CONSOLIDATED BALANCE SHEET

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

at 31 December 2022 (in thousands of euros)

LIABILITIES AND EQUITY

LIABILITIES AND EQUITY	Notes	31/12/2022	31/12/2021
EQUITY	17	4,938,993	4,440,665
Equity attributable to the Parent Company		3,387,882	3,007,094
Shareholders' equity		3,415,724	3,121,227
<i>Capital</i>		438,345	425,174
<i>Accumulated earnings and other reserves</i>		2,689,461	2,142,592
<i>Shares and equity interests</i>		(27,264)	(26,674)
<i>Profit for the year attributable to the Parent company</i>		315,182	580,135
Valuation adjustments		(27,842)	(114,133)
Non-controlling interests		1,551,111	1,433,571
NON-CURRENT LIABILITIES		6,046,615	5,565,941
Grants		202,864	192,185
Non-current provisions	18	1,141,750	1,167,340
Non-current financial liabilities	19	4,271,282	3,732,997
Debt instruments and other marketable securities		1,267,584	1,878,804
Bank borrowings		2,471,818	1,284,368
Other financial liabilities		531,880	569,825
Deferred tax liabilities	23	281,977	322,219
Other non-current liabilities	20	148,742	151,200
CURRENT LIABILITIES		4,296,933	4,235,552
Current provisions	18	148,074	147,874
Current financial liabilities	19	1,333,125	1,820,176
Debt instruments and other marketable securities		773,163	1,152,739
Bank borrowings		306,531	458,189
Other financial liabilities		253,431	209,248
Trade and other payables	21	2,815,734	2,267,502
Suppliers		1,232,393	1,072,129
Other payables		1,559,731	1,167,215
Current tax liabilities	23	23,610	28,158
TOTAL EQUITY AND LIABILITIES		15,282,541	14,242,158

The accompanying Notes 1 to 32 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2022 consolidated income statements.

CONSOLIDATED INCOME STATEMENT

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES**
at 31 December 2022 (in thousands of euros)

	Notes	31/12/2022	31/12/2021
Revenue	26	7,705,687	6,659,283
Self-constructed assets		74,137	53,323
Other operating income	26	288,480	247,999
Changes in finished goods and work in progress inventories		26,656	(13,631)
Procurements	26	(3,004,337)	(2,476,145)
Staff costs	26	(2,238,733)	(2,040,229)
Other operating expenses		(1,540,539)	(1,304,013)
Depreciation of fixed and non-current assets and allocation of grants for non-financial fixed and non-current assets, and other assets	6, 7 and 8	(511,989)	(443,936)
Impairment and gains/(losses) on disposal of fixed assets	26	(174,895)	123,577
Other gains/(losses)	26	(13,941)	(4,018)
OPERATING PROFIT/(LOSS)		610,526	802,210
Financial income	26	45,148	24,819
Financial expenses	26	(164,240)	(135,321)
Other financial profit/(loss)	26	29,605	57,519
FINANCIAL GAINS/(LOSSES)		(89,487)	(52,983)
Profit/(loss) of entities valued using the equity method	26	29,614	58,233
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		550,653	807,460
Corporate income tax	23	(72,723)	(130,180)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		477,930	677,280
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		477,930	677,280
Profit/(loss) attributable to the Parent		315,182	580,135
Profit attributable to non-controlling interests	17	162,748	97,145
EARNINGS PER SHARE (euros)	17		
Basic		0.73	1.40
Diluted		0.73	1.40

The accompanying Notes 1 to 32 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2022 consolidated income statements.

CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES**
at 31 December 2022 (in thousands of euros)

	31/12/2022	31/12/2021
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR	477,930	677,280
Other comprehensive income - Items that are not reclassified to profit/(loss) for the period	2,839	7,002
Actuarial profits and losses (*)	3,803	8,066
Tax effect	(964)	(1,064)
Other comprehensive income - items that can subsequently be reclassified to profit/(loss) for the period	144,801	203,643
Financial assets at fair value with changes in other comprehensive income	6,147	(26)
Valuation gains/(losses)	6,133	-
Amounts transferred to the income statement	14	(26)
Cash flow hedges	64,330	23,086
Valuation gains/(losses)	60,182	28,841
Amounts transferred to the income statement	4,148	(5,755)
Translation differences	55,424	65,569
Valuation gains/(losses)	55,424	65,569
Amounts transferred to the income statement	-	-
Participation in other comprehensive profit recognised by investments in joint ventures and associates	34,040	122,983
Valuation gains/(losses)	33,629	18,049
Amounts transferred to the income statement	411	104,934
Tax effect	(15,140)	(7,969)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	625,570	887,925
Attributable to the Parent	409,501	755,291
Attributable to non-controlling interests	216,069	132,634

The accompanying Notes 1 to 32 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2022 consolidated income statements.

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

TOTAL STATEMENT OF CHANGES IN THE CONSOLIDATED EQUITY

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES**
at 31 December 2022 (in thousands of euros)

<i>Notes</i>	Share capital	Accumulated earnings and other reserves	Interim dividend	Shares and equity interests	Profit/(loss) for the year attributed to the Parent Company	Other equity instruments	Valuation adjustments	Equity attributable to shareholders of the Parent	Non-controlling interests	Total Equity
<i>17.a</i>	<i>17.b</i>	<i>17.c</i>	<i>17.d</i>	<i>17</i>	<i>17.II</i>					
Equity as at 31 December 2020	409,107	1,910,738	-	(18,012)	262,179	-	(275,699)	2,288,313	620,381	2,908,694
Total income and expenses for the year		11,364			580,135		163,792	755,291	132,634	887,925
Transactions with shareholders or owners	16,067	(25,788)	-	(8,662)	-	-	-	(18,383)	(42,530)	(60,913)
Capital increases/(reductions)	16,067	(16,157)						(90)	(437)	(527)
Distribution of dividends		(9,631)						(9,631)	(42,093)	(51,724)
Transactions with treasury shares or equity instruments (net)				(8,662)				(8,662)		(8,662)
Other changes in equity		246,278			(262,179)		(2,226)	(18,127)	723,086	704,959
Equity as at 31 December 2021	425,174	2,142,592	-	(26,674)	580,135	-	(114,133)	3,007,094	1,433,571	4,440,665
Total income and expenses for the year		7,496			315,182		86,823	409,501	216,069	625,570
Transactions with shareholders or owners	13,171	(41,864)	-	(590)	-	-	-	(29,283)	(59,646)	(88,929)
Capital increases/(reductions)	14,871	(14,871)						-	70	70
Distribution of dividends		(10,783)						(10,783)	(59,716)	(70,499)
Transactions with treasury shares or equity instruments (net)	(1,700)	(16,210)		(590)				(18,500)		(18,500)
Other changes in equity		581,237			(580,135)		(532)	570	(38,883)	(38,313)
Equity as at 31 December 2022	438,345	2,689,461	-	(27,264)	315,182	-	(27,842)	3,387,882	1,551,111	4,938,993

The accompanying Notes 1 to 32 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2022 consolidated income statements.

STATEMENT OF CONSOLIDATED CASH FLOWS (INDIRECT METHOD)

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS,
S.A.
AND SUBSIDIARIES
at 31 December 2022 (in thousands of euros)**

	Notes	31/12/2022	31/12/2021
Profit/(loss) before tax from continuing operations		550,653	807,460
Adjustments to profit or loss		668,929	203,866
Amortisation and depreciation	6, 7 and 8	522,201	452,267
Impairment and gains/(losses) on disposal of fixed assets	6, 7 and 26	174,895	(123,577)
Other adjustments to profit/(loss) (net)	26	(28,167)	(124,824)
Changes in working capital	15	285,270	(167,910)
Other cash flows from operating activities		40,987	(97,170)
Dividend collections		40,248	38,431
Collections/(Payment) for income tax		739	(135,601)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		1,545,839	746,246
Payments due to investments		(1,062,055)	(557,923)
Group companies, associates and business units		(286,413)	(147,897)
Property, plant and equipment, intangible assets and real estate investments	6, 7 and 8	(622,914)	(387,392)
Other financial assets		(152,728)	(22,634)
Proceeds from disposals		51,512	568,619
Group companies, associates and business units		19,086	478,022
Property, plant and equipment, intangible assets and real estate investments	6, 7 and 8	20,619	52,224
Other financial assets		11,807	38,373
Other cash flows from investing activities		72,498	182,386
Interest received		29,292	13,050
Other collections/(payments) from investing activities		43,206	169,336
TOTAL CASH FLOWS FROM INVESTMENT ACTIVITIES		(938,045)	193,082
Proceeds from and payments for equity instruments	17	(39,429)	(200,929)
Issue/(redemption)		(331)	(524)
(Acquisition)/disposal of own shares		(39,098)	(200,405)
Proceeds from (payments on) financial liabilities	19	(333,882)	(269,321)
Issuance		2,341,595	1,125,829
Repayment and amortisation		(2,675,477)	(1,395,150)
Dividends paid and payments on equity instruments	5	(73,177)	(63,150)
Other flows from financing activities		(120,708)	(94,327)
Interest paid		(123,682)	(99,105)
Other collections/(payments) from financing activities		2,974	4,778
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		(567,196)	(627,727)
EFFECT OF VARIATIONS IN EXCHANGE RATES		(585)	1,815
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		40,013	313,416
Cash and cash equivalents at the start of the period	16	1,535,525	1,222,109
Cash and cash equivalents at the end of the period	16	1,575,538	1,535,525

The accompanying Notes 1 to 32 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2022 consolidated income statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2022

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1. GROUP ACTIVITY

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

Company identification data

Name of the reporting entity or other means of identification	Fomento de Construcciones y Contratas, S.A.
Legal form of the entity	Public Limited Company (In Spain: Sociedad Anónima)
Address of the entity's registered office	C. Balmes 36, 08007 Barcelona, Spain
Address of the entity	Avenida Camino de Santiago 40, 28050, Madrid, Spain
Country of incorporation	Spain
Main place of business	Spain
Name of the parent company	Control Empresarial de Capitales, S.A. de C.V.
Name of the controlling parent of the group	Control Empresarial de Capitales, S.A. de C.V.
Changes to the name of the reporting entity	No changes have occurred this year

The Group operates in the following business areas:

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

International activities account for approximately 45% (41% in 2021) of the FCC Group's turnover, mainly in Europe, Latin America, the Middle East and the United States.

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

a) Basis of presentation

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

The 2022 consolidated financial statements of the FCC Group have been formulated by the Board of Directors of Fomento de Construcciones y Contratas, S.A. and will be presented for approval by the General Shareholders' Meeting. However, no amendments are expected as a result of the fulfilment of said requirement. The 2021 consolidated financial statements were approved by the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A., held on 14 June 2022.

These consolidated financial statements of the FCC Group show the faithful image of the equity and the financial situation as at 31 December 2022 and 2021, as well as the results of the operations, changes in equity and consolidated cash flows that occurred in the Group during those years.

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

In order to uniformly present the various items composing these consolidated financial statements, accounting standardisation criteria were applied to the individual financial statements of the companies included in the scope of consolidation. In 2022 and 2021, the reporting date of the financial statements of the companies included in the scope of consolidation was the same as that of the Parent, i.e. 31 December.

The consolidated financial statements are expressed in thousands of euros.

Reclassifications made

There were no significant reclassifications in business years 2022 and 2021.

Rules and interpretations issued but not in force

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

Significant rules and interpretations applied in 2022

The standards and interpretations applied in the preparation of these consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended 31 December 2021, as none of the standards, interpretations or amendments that are applicable for the first time in this financial year have had a significant impact on the Group's accounting policies.

b) Basis of consolidation

Subsidiaries

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

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

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

Joint agreements

The Group develops joint agreements through participation in joint ventures jointly controlled by one of more of the FCC Group companies with other companies outside the Group (note 11), as well as through participation in joint operations, temporary joint ventures and other similar entities (note 12).

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

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

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

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

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

Associates

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

Transactions between Group companies

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

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

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

Changes in the scope of consolidation

Annex IV shows the changes made in 2022 in all consolidated companies using global integration and the equity method. The profit/(loss) of these companies are included in the consolidated income statement as from the effective acquisition date or until the effective disposal or derecognition date, as appropriate.

The heading "Change in scope" in the corresponding notes to this Report shows the effect of the additions and derecognitions of companies from the scope of consolidation. Additionally, Note 4 of this Report "Changes in the scope of consolidation", shows the most significant inputs and outputs of said scope.

3. ACCOUNTING POLICIES

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

a) Service Concession Arrangements

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

The concession right generally means that the concession operator has an exclusive right to provide the service under the concession for a given period of time, after which the infrastructure assigned to the concession required to provide the service is returned to the concession grantor, generally for no consideration. Concession contracts are required to provide for the management or operation of this infrastructure. Likewise, a common characteristic is the existence of obligations to acquire or build all the items required to provide the concession service over the contract term.

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

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

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

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

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

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

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

b) Business combinations and goodwill

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

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

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

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

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

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

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

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

c) Intangible assets

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

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

d) Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

e) Investment property

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

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

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

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

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

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

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

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

The recognition or reversal of impairment losses on assets are charged or credited to income under "Impairment and results obtained on the disposal of assets".

To calculate the recoverable amount of the assets subject to impairment tests, the present value of the net cash flows originating from the Cash Generating Units (CGUs) associated therewith was estimated, except those flows related with payments or collections on lending operations and corporation tax payments, together with those that arise from future improvements or refurbishments envisaged for the assets belonging to such Cash Generating Units. To discount cash flows, a pre-tax discount rate was used, which includes the current market assessments of the time value of money and the risks specific to each Cash Generating Unit.

The estimated cash flows are obtained from the projections made by the Directorate of each of the CGUs that generally use periods of five years, except when the business characteristics advise longer periods and that include growth rates supported by the different approved business plans, whose review is carried out periodically, generally considering zero growth rates for those periods beyond the years projected in the aforementioned plans, except in exceptional cases when the expected future growth of the activities performed by the CGU justify the inclusion of a growth rate. Also, it is necessary to indicate that sensitivity analyses are performed to assess the growth of income, operating margins, and discount rates, in order to foresee the impact of future changes in these variables.

Cash flows from CGUs located abroad are calculated in the functional currency used by those cash generating units and they are updated using discount rates that take into consideration the risk premium relating to each currency. The present value of the net cash flows obtained in this manner are translated at the year-end exchange rate for each currency.

g) Leases

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

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

To estimate the duration of the contract, extensions that are reasonably expected to occur and the period in which the lessee does not expect to terminate the contract (when they have the power to do so) are considered, without exclusively taking into account the minimum term established in the contract, as the term during which the lessee expects to continue using the underlying asset, depending on its particular circumstances, is estimated. To determine whether an extension is expected to take place, the economic incentives that the lessee may have to extend the contract are taken into account, considering factors such as the existence of advantageous conditions compared to market conditions

in case of an extension, if the lessee has incurred significant costs in adapting the underlying asset to its needs that it must reapply in case of contracting a new lease, any possible costs for the termination of the contract in case it is not extended or the importance of the asset to the lessee, especially if it is a specialised asset that is not readily available on the market. Furthermore, the background in terms of the period of use in the past of certain assets is also taken into account.

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

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

h) Investments accounted for using the equity method

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

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

i) Financial assets

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

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

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

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

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

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

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

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

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

The Group, based on the short-term cash flow needs, transfers credit from customers to financial entities. The amount of the aforementioned credit assignments is reported in note 15.a). These operations accrue interest under usual market conditions and the collection management is still carried out by the Group companies, although the costs associated with such management are residual.

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

j) Inventory

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

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

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

Impairment of land and plots, ongoing real estate developments and finished products is recorded when their net realisable value is lower than their book value (note 14). The net realisable value is determined mainly on the basis of end-market references, by calculating the residual value of the land on the existing market value in the locality in which they are located and, where appropriate, when purchase offers have been received, the price of such offers has been used for their assessment.

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

k) Foreign currency

k.1) Translation differences

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

- Capital and reserves, which were converted at historical exchange rates.
- The income statement items of foreign companies have generally been converted applying the daily exchange rates, or average exchange rates when the daily exchange rate cannot be used.

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

k.2) Exchange differences

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

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

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

l) Equity instruments

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

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

m) Grants

Grants are recognised according to their nature.

m.1) Capital grants

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

m.2) Operating subsidies

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

n) Provisions

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

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

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

In addition, some Group companies provide provisions for restructuring costs when there is a detailed formal plan for such restructuring that has been communicated to the affected parties. As at 31 December 2022 no liabilities of a substantial amount have been recognised for this item.

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

o) Financial liabilities

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

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

Bank borrowings and other current and non-current financial liabilities maturing within no more than 12 months from the balance sheet date are classified as current liabilities and those maturing within more than 12 months as non-current liabilities.

p) Financial derivatives and hedge accounting

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

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

- Cash flow hedges: in hedges of this type, the changes in value of the hedging instrument are recognised provisionally under equity, and are taken to income when the hedged item materialises.

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

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

The qualitative requirements that must be met are as follows:

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

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

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

The retrospective assessment analysis is adapted to the type of the hedge and the nature of the instruments used, and all of the financial derivatives contracted by the Group consist of cash flow hedges (note 22):

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

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

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

- The treatment of the designated portion will be similar to that indicated for IRSs.
- The fair value of the non-designated portion (forward points or the temporary value of the options) will be recognised in other comprehensive income when related to the hedged portion and will be accumulated in a separate component of equity. This amount will be reclassified from the separate component of equity to the income statement for the period as a reclassification adjustment in the same period or periods in which the expected future cash flow hedges affect results for the period (for example, when a planned sale takes place).

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

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

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

Furthermore, a sensitivity test is carried out on the derivatives and net financial debt in order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's accounts, given different interest rate increase and decrease scenarios at year-end (Note 29).

Note 22 to this Report provides details of the financial derivatives that the Group has arranged and other matters related thereto.

q) Income tax

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

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

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

r) Pension commitments

The Group companies have certain specific cases related to pension plans and similar obligations that are developed in Note 24 of this Report.

s) Operating income and expenses

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

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

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

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

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

In the service provision activities, which are mainly carried out in the Environmental Services, End-to-end Water Management and Real Estate segments when the Group acts as lessor under lease agreements, income and expenses are recognised on an accrual basis, i.e. when the actual flow of the goods and services they represent occurs, regardless of when the resulting monetary or financial flow arises. These are performance obligations that are satisfied over time as the customer receives and consumes the profits at the same time as the service is provided. Consequently, revenue is recognised by measuring the value of the services actually provided to the customer using a product-based method.

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

In the Real Estate activity, the Group recognises the costs passed on to tenants of its investment property as income under "Other operating income" in the accompanying consolidated income statement (note 9.b).

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

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

The Group has entered into "Power Purchase Agreements" and supply contracts, mainly in the Cement and End-to-End Water Management Areas, which ensure the supply of certain amounts of renewable energy for a determined period of time at the fixed price in the contract. These contracts are considered to be for own use as they are entered into with the intention of covering the activity's future electricity consumption needs. There is a high correlation between the expected future consumption and the volume of energy arranged. An operating expense is taken to the income statement when the energy in question is effectively consumed.

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

t) Related party transactions

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

Note 30 of this Report details the main transactions with significant shareholders of the Parent Company, with administrators and senior executives, between companies or Group entities and with companies invested in by shareholders of the Group.

u) Consolidated statement of cash flows

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

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

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

v) Use of estimates

In preparing these 2022 and 2021 Group consolidated financial statements, estimates were made to quantify certain assets, liabilities, revenues, expenses and obligations recognised therein. These estimates relate essentially to the following:

- Impairment losses on certain assets (Notes 6, 7, 8, 11 and 13)
- Goodwill measurement (Note 6)
- The recoverability of the work executed pending certification (notes 3.s and 15)
- The recoverability of deferred tax assets (Note 23)
- The amount of certain provisions and, in particular, those related to claims and litigation and the losses budgeted in construction contracts (note 18)
- The useful life of PP&E and intangible assets (see Notes 6 and 7)
- The determination of the fair value of investment property (note 8)
- The determination of the recoverable amount of inventory (note 14)
- The assumptions used in the actuarial calculation of liabilities and commitments for post-employment compensation (notes 18 and 24)
- The market value of derivatives (note 22)
- Cost of business combinations (note 4)

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

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

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

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

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

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

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

4. CHANGES IN THE SCOPE OF CONSOLIDATION

The main changes experienced in the scope of consolidation in 2022 are the following:

a) Business combinations

- On 2 February 2022, FCC Aqualia, S.A. acquired a 65% stake in Georgia Global Utilities (hereinafter, GGU), a water and renewable energy utility in Georgia, for 158,968 million euros. This acquisition has taken place in two phases. During the first phase, FCC Aqualia, S.A. (hereinafter, Aqualia) acquired a 65% stake in GGU. The second phase was initially subject to compliance with conditions precedent

The agreement between the partners established that during the period between control being assumed and the completion of the second phase of the agreement, Aqualia held control over the public water services business with an 80% interest but had no rights over the assets, nor obligations in relation to the liabilities, nor any right to the profits generated by the energy business controlled by the minority shareholder. With this in mind, from the date on which control was assumed, FCC Aqualia, S.A. started to globally consolidate assets and liabilities and allocate 80% of the profit generated corresponding to the water activity but does not consolidate the energy business. It has reclassified its assets and liabilities designated as non-current assets and liabilities held for sale, with non-controlling interests as a balancing entry (note 19). No profit has been recognised on the company's income statement from this energy business.

Subsequently, the second phase was completed during the second half of 2022 following the spin-off of the energy business, having satisfied the conditions precedent stated above, including the repayment of the bonds that the GGU Group issued at the time of the purchase (note 19), in such a way that Aqualia exclusively holds a 80% interest in the public water services business, having exchanged the 65% interest in the energy business for the 15% interest in the water business. As a result, the assets held for sale and the non-controlling interests indicated above have been removed from the balance sheet.

Furthermore, there is a put option in favour of the non-controlling interests and a call option in favour of FCC Aqualia for the 20% stake held by the non-controlling interest in the public water services business, the fair value of which has been recorded as a financial liability (note 19).

- In November 2022, FCC Construcción, S.A., acquired a stake in Sociedad Concesionaria Tranvía de Murcia, S.A., which manages the only tram line in the city of Murcia for a period of 40 years, representing 50% of the company's capital stock in addition to the 50% previously held. This interest was acquired for an amount of 46,662 thousand euros (23,699 thousand euros corresponding to the shares acquired and 22,963 thousand euros corresponding to the loan acquired), which were recognised under "Payments for investments" on the accompanying Statement of Cash Flows. As a result of the aforementioned transaction, the FCC Group has gained control of the aforementioned company, recording a positive operating profit of €5,544 thousand in the business combination (note 26), as the consideration paid was less than the fair value of the assets acquired. In addition, a negative result of €2,772 thousand was recorded under "Profit/(loss) of entities valued using the equity method" as a result of the fair value of the stake held by the aforementioned company prior to the takeover (note 26).
- In December 2022, FCC Environmental Services, Llc. acquired a 100% stake in Houston Waste Solutions, Llc. in the USA, one of the largest commercial municipal solid waste collection companies in the Houston metropolitan area, for the sum of 27,658 thousand euros. The amount paid has been recorded in the accompanying cash flow statement under "Payments for investments".

- In October 2022, the Water area acquired a 79.8% stake in Aguas de la Sabana, S.A. E.S.P., in Colombia, which provides aqueduct, sewerage and cleaning services in the municipalities of Cota, Funza and Tenjo, for the sum of 14,421 thousand euros. The amount paid has been recorded in the accompanying cash flow statement under "Payments for investments".

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

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Non-current assets	341,521	210,222	27,634	26,232
Intangible assets	1,180	72,804	23,671	27
Property, plant and equipment	338,231	-	3,963	26,200
Investment property	2,110	-	-	-
Investments accounted for using the equity method	-	-	-	-
Non-current financial assets	-	135,330	-	3
Deferred tax assets	-	2,088	-	2
Current assets	156,208	14,034	1,701	1,577
Non-current assets held for sale	133,352	-	-	-
Inventory	1,654	-	-	88
Trade and other receivables	6,625	1,340	1,594	453
Other current financial assets	-	6,014	-	1
Other current assets	-	-	60	24
Cash and cash equivalents	14,577	6,680	47	1,011
Total assets	497,729	224,256	29,335	27,809
Equity	210,271	98,868	27,658	14,421
Non-current liabilities	186,683	117,533	-	5,410
Grants	-	-	-	-
Non-current provisions	-	11,770	-	-
Non-current financial liabilities	177,374	105,763	-	-
Deferred tax liabilities	-	-	-	5,410
Other non-current liabilities	9,309	-	-	-
Current liabilities	100,775	7,855	1,677	7,978
Liabilities linked to non-current assets held for sale	87,496	-	-	-
Current provisions	-	-	-	-
Current financial liabilities	19	1,962	-	2,900
Trade and other payables	13,260	5,893	1,677	5,078
Total equity and liabilities	497,729	224,256	29,335	27,809

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

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Intangible assets	-	-	-	13,526
Property, plant and equipment	165,312	-	-	-
Non-current financial assets	-	-	-	-
Total assignments to assets	165,312	-	-	13,526
Non-current liabilities (deferred tax liabilities)	-	-	-	4,734
Total assignments to liabilities	-	-	-	4,734
Total net assignments	165,312	-	-	8,792

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

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Acquisition value	158,968	46,662	27,658	14,421
Fair value Minority interests acquired	45,603	-	-	-
Fair value previous interest		46,662	-	-
- Fair value of net assets	(210,271)	(98,868)	(3,987)	(14,421)
Valuation put non-controlling interests	5,700			
Goodwill/Negative consolidation difference	-	(5,544)	23,671	-

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

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Revenue	65,292	2,065	2,444	941
Other income	182	-	-	-
Operating profit/(loss)	23,620	1,394	426	625
Profit/(loss) before tax from continuing operations	31,569	600	426	573
Profit attributable to the parent company	12,880	450	426	120
Non-controlling interests	18,689	-	-	176

If the above companies had been consolidated since 1 January 2022, revenues and profit/(loss) they would have contributed would have been as follows:

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Revenue	70,472	21,570	14,845	6,014
Other income	203	-	-	-
Operating profit/(loss)	25,264	11,965	2,635	3,373
Profit/(loss) before tax from continuing operations	34,182	6,051	2,582	2,980
Profit attributable to the parent company	13,946	4,538	2,582	820
Non-controlling interests	19,713	-	-	1,194

In 2022, in addition to the companies indicated above, the following companies were acquired:

Name	Acquisition date	Acquisition price	Percentage participation	Fair value net assets	Goodwill
Intermonte Investments, S.A.	December	8,920	99.5%	8,920	-
Aqualia Colombia, S.A.S.	October	8,098	51%	8,098	-
Houston Waste Services, LLC	December	3,750	100%	(328)	4,078
Industria de Reciclaje de RAEES, S.L.	December	3,695	98.5%	3,695	-

These initial estimates are provisional, in particular the investments made in the last month of the year. The Group has a period of one year from the control date to adjust them should more relevant and comprehensive information be obtained at a later date.

The following business combinations were carried out in 2021:

- In October 2021, FCyC, S.A. acquired a stake in Realia Business, S.A., representing 13.12% of the share capital, in addition to the 37.40% previously held. The aforementioned shareholding was acquired from Control Empresarial de Capitales, S.A. de C.V. (note 30) for an amount of €83,941 thousand, which was recorded under the heading "Payments for investments" in the accompanying cash flow statement. As a result of the aforementioned transaction, the FCC Group gained control of the aforementioned company, recording a positive operating profit of €241,701 thousand in the business combination (note 26), as the consideration paid was less than the fair value of the assets acquired. In addition, a negative result of €58,158 thousand was recorded under "Profit/(loss) of entities valued using the equity method" as a result of the fair value of the stake held by the aforementioned company prior to the takeover (note 26).

- Additionally, Jezzine Uno, S.L.U., a commercial property rental company, was incorporated in October 2021 (note 30). This transaction was carried out by means of a non-cash capital increase in FCyC, S.a., fully subscribed by Soimob Inmobiliaria Española, S.A., a subsidiary of Control Empresarial de Capitales, S.A. de C.V. Consequently, Soimob Inmobiliaria Española. S.A. now holds 19.97% of the share capital of FCyC, S.L. (note 17).
- On 31 December 2021, the Environment division acquired 100% of Premier Waste Services, Llc. in the United States for €30,019 thousand. The amount paid was recorded in the accompanying cash flow statement under "Payments for investments".

The composition of the balance sheets drawn up by the business combinations in 2021 is detailed below:

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

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

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

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

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

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

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

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

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

b) Other changes in scope

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

In April 2021, the Group agreed to the sale of FM Green Power Investments, S.L. and its subsidiaries to Plenium Partners, S.L., which were previously consolidated using the equity method, for the sum of 98,000 thousand euros. The Group received the sum of 93,000 thousand euros in July 2021 and 5,000 thousand euros at the start of 2022.

On 21 December 2021, the Realia Group, through its subsidiary Realia Patrimonio, S.L.U., acquired an additional 37.11% stake in Hermanos Revilla, S.A. for €189,061 thousand, recognised in the accompanying cash flow statement under "Proceeds and payments for equity instruments". With this acquisition, the Realia Group's direct and indirect shareholding in the aforementioned company increased to 87.76%. Since prior to the acquisition, the Group already had control of both investees, the difference between the purchase price and the book value of the minority interests acquired generated a decrease in reserves of €2,946 thousand (note 17).

5. DISTRIBUTION OF PROFIT

Fomento de Construcciones y Contratas, S.A. distributed a scrip dividend in 2022 and 2021, resulting in a cash outflow of €10,783 thousand (€9,631 thousand in 2021) and the delivery of 14,871,347 shares (16,067,018 shares in 2021) (note 17). Additionally, certain subsidiaries with minority partners have distributed dividends.

The following table shows the dividends paid to its shareholders by the Group companies as at 31 December 2022 and 2021:

	2022	2021
Shareholders of Fomento de Construcciones y Contratas, S.A.	10,783	9,631
Other non-controlling shareholders of other companies	62,394	53,519
	73,177	63,150

"Other non-controlling shareholders of other companies" includes the payment of dividends to the non-controlling shareholder of FCC Aqualia, S.A. for the sum of 14,944 thousand euros at 31 December 2022 (29,400 thousand euros at 31 December 2021).

6. INTANGIBLE ASSETS

The breakdown of net intangible assets at 31 December 2022 and 2021 is as follows:

	Cost	Accumulated amortisation	Impairment	Net Value
2022				
Concessions (Note 10)	2,908,310	(1,343,901)	(51,765)	1,512,644
Goodwill	1,912,627	-	(1,150,944)	761,683
Other intangible assets	261,399	(181,184)	(12,394)	67,821
	5,082,336	(1,525,085)	(1,215,103)	2,342,148
2021				
Concessions (Note 10)	2,718,925	(1,224,776)	(54,443)	1,439,706
Goodwill	1,922,704	-	(973,728)	948,976
Other intangible assets	378,188	(305,143)	(16,494)	56,551
	5,019,817	(1,529,919)	(1,044,665)	2,445,233

a) Concessions

The changes in this heading of the consolidated balance sheet in 2022 and 2021 were as follows:

	Concessions	Accumulated Amortisation	Impairment	Net Value
Balance at 31.12.20	2,549,048	(1,115,658)	(55,230)	1,378,160
Additions or allocations	60,984	(109,918)	(144)	(49,078)
Derecognitions, disposals or reductions	(11,314)	6,715	1,052	(3,547)
Translation differences	29,597	(4,875)	2	24,724
Change in scope, transfers and other changes	90,610	(1,040)	(123)	89,447
Balance at 31.12.21	2,718,925	(1,224,776)	(54,443)	1,439,706
Additions or allocations	41,781	(120,022)	(524)	(78,765)
Derecognitions, disposals or reductions	(1,785)	1,113	3,148	2,476
Translation differences	14,967	(2,692)	(1)	12,274
Change in scope, transfers and other changes	134,422	2,476	55	136,953
Balance at 31.12.22	2,908,310	(1,343,901)	(51,765)	1,512,644

This heading includes the intangible assets corresponding to the service concession arrangements (Note 10).

The most significant entries in 2022 within the Environmental Services segment relate to projects in progress carried out by Ecoparque Mancomunidad del Este S.A. for €2,858 thousand (€23,763 thousand in 2021) and FCC Medio Ambiente, S.A. for €6,445 thousand (€17,878 thousand in 2021) and, within the Integral Water Management segment, to Acque di Caltanissetta, S.P.A. for €6,445 thousand (€17,878 thousand in 2021). for €6,445 thousand (€17,878 thousand in 2021) and, within the End-to-end Water Management segment, Acque di Caltanissetta, S.P.A. for €10,112 thousand (€5,846 thousand in 2021) and FCC Aqualia, S.A. for €10,139 thousand (€7,350 thousand in 2021).

"Changes in scope, transfers and other movements" in the service concession agreements in 2022 include the incorporation of the intangible assets corresponding to Concesionaria Tranvía de Murcia, S.A. following its takeover, which amounted to 72,804 thousand euros (note 4), and the recognition of future investment commitments included in the tariff as an increase in the value of intangible assets with a balancing entry in provisions (note 10) in FCC Aqualia, S.A. for the sum of 36,125 thousand euros (76,306 thousand euros in 2021).

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

During 2022, interest amounting to 1,129 thousand euros was capitalised (no interest was capitalised in 2021) and the total interest capitalised came to 61,238 thousand euros (40,806 thousand euros in 2021). This change can mainly be attributed to the incorporation of the intangible assets corresponding to Concesionaria Tranvía de Murcia, S.A. following its takeover, amounting to 20,473 thousand euros of accumulated capitalised interest.

b) Goodwill

The breakdown of goodwill in the accompanying consolidated balance sheet at 31 December 2022 and 2021 was as follows:

	2022	2021
FCC Environment Group (UK)	294,994	310,586
Cementos Portland Valderrivas, S.A.	143,098	339,386
FCC Environment Group (CEE)	136,793	136,793
FCC Aqualia, S.A.	82,764	82,764
Houston Waste Solutions, Ll.	23,671	-
FCC Ámbito, S.A.	23,311	23,311
Premier Waste Services, Ll.	22,951	21,614
FCC Industrial e Infraestructuras Energéticas, S.L.U.	21,499	21,499
Canteras de Aláiz, S.A.	4,332	4,332
Cementos Alfa, S.A	-	3,712
Other	8,270	4,979
	761,683	948,976

The movements of goodwill in the attached consolidated balance sheet in 2022 and 2021 were as follows:

Balance at 31.12.20		1,007,015
Exchange differences, change in consolidation scope and others:		
FCC Environment Group (UK)	20,296	
Premier Waste Services, Ll.	21,614	
Other	<u>51</u>	<u>41,961</u>
Impairment losses:		
Cementos Portland Valderrivas Group (note 26)	<u>(100,000)</u>	<u>(100,000)</u>
Balance at 31.12.21		948,976
Exchange differences, change in consolidation scope and others:		
Houston Waste Solutions, Ll.	23,670	
Other	(10,963)	12,707
Impairment losses:		
Cementos Portland Valderrivas Group (note 26)	<u>(200,000)</u>	<u>(200,000)</u>
Balance at 31.12.22		761,683

"Changes in the scope of consolidation, translation differences and other movements" during 2022 mainly concerned the impairment of goodwill corresponding to the Cementos Portland Valderrivas Group for the sum of 200,000 thousand euros, corresponding to Corporación Uniland for the sum of 196,288 thousand of euros (100,000 thousand euros in 2021) and Cementos Alfa, S.A. for the sum of 3,712 thousand euros, the acquisition of the US firm Houston Waste Services, Ll., in the Environmental Services segment, for the sum of 23,671 thousand euros and the effect of the appreciation of the pound sterling against the euro (appreciation of the pound in 2021).

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

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

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

Cementos Portland Valderrivas

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

- one arising from the merger by absorption of the parent company of the Corporación Uniland Group and some of its subsidiaries for an amount of €29,593 thousand,
- €113,505 thousand corresponding to the cash generating unit (CGU) comprising the Alcalá de Guadaíra factory.

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

1) Corporación Uniland

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

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

During 2021, the Group reassessed the impairment test, in response to the economic situation and market circumstances, recognising an impairment of 100,000 thousand euros.

During 2022, the Group reassessed the impairment test one again, taking into account the current economic situation and market circumstances, which inevitably impact the projected cash flows. As a result of the assessment, an impairment loss of €196,288 thousand was recognised under "Impairment and gains/(losses) on disposal of fixed assets" in the accompanying consolidated income statement.

The general slowdown is the main trend seen by the world economy in 2022. The invasion of Ukraine has triggered a serious energy crisis in Europe, causing an increase in gas prices (which have multiplied by more than four times since 2021) as well as electricity and food prices. This inflation has resulted in the tightening of financial and monetary conditions to control demand and gradually curb inflation. These increases have been passed on as supply chain disruptions on the one hand, and on the other hand are the main source of inflationary pressures that have been passed on to virtually all products and services.

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

Since Uniland operates in two clearly different geographic markets, various pre-tax discount rates have been used to assess flows from different countries. A pre-tax discount rate of 10.55% has been used to evaluate goodwill from flows in Spain, and 28.60% for flows from Tunisia. The discount rates used in 2021 were 8.20% and 21.85% respectively. In any case, it should be noted that the flows for Spain represent a substantial part of the total contemplated in the impairment test.

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

According to information from Oficemen, the employers' association for the cement sector in Spain, in its advanced statistical data for 2022, 14.9 million tons of cement was consumed in 2022, down by 0.8% compared to the final figures for 2021. Furthermore, total exports (cement and clinker) amounted to 5.6 million tons (6.75 million in 2021 according to updated data). For 2023, the year is expected to start on a negative note, at between 0% and -3% in relation to the evolution of consumption in Spain.

In 2022, the average electricity prices followed an upward trend, increasing by 49.7% compared to the average for 2021. The price of CO₂ remained at similar levels as seen in 2021, when it reached an all-time high, with an annual average in the region of the 81 euros/right.

In this context, in 2022 the Group has updated the flows of its "Business Plan" for the period 2023-2032 which serves as the basis for the calculation of the impairment tests in which the evolution of the cost of electricity, fuels and CO₂ are of significant importance.

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

In Tunisia in 2022, the internal market stood at 5.5 million tons, 7.4% down on 2021. For 2023, it is estimated that the volume seen in 2022 will remain. Inflation and political instability have curtailed consumption to minimum levels.

The costs are estimated based on the expected inflation, the performance expectations of the price of fuels and the electricity market, and the strategy of increasing the valuation of alternative fuels.

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

The trend in investment is also linked to the general development of the activity analysed. The value of the investments reflected in the perpetuity rate presents the value that the company estimates should be the target investments to be made in order to maintain the productive activity at the required sustainable level.

The cash flow estimates made with these inflation assumptions, the increase in costs associated with the greater environmental pressures that impact on the allowance allocation policy and its price and the increase in the discount rate considered, have resulted in the need to set aside this aforementioned impairment in goodwill for the sum of 196,288 thousand euros.

The main variables used in the test are listed below:

- Discounted flow period for Uniland Spain and Tunisia: 2023 to 2032
- Discount rate before taxes: 10.55% (Spain) and 28.60% (Tunisia)
- Growth in perpetuity: 0%
- Residual value on the recoverable amount of the CGU as a whole: 37.9%
- Compound annual growth rate Cement Market Spain (without CO2), terminal value for business year 2022:
 - o Turnover domestic market: 4.4%
 - o Export market turnover: -13.5%
 - o Gross Operating Profit: 7.5%

- Compound annual growth rate (in dinars) Tunisia Cement Market, terminal value over business year 2022:
 - o Turnover domestic market: 7.1%
 - o Export market turnover: 0.3%
 - o Gross Operating Profit: 8.2%

The result of this test is sensitive to variations in the key assumptions; a 10% increase in projected flows would result in a buffer on the already impaired value of approximately €37,678 thousand and a 10% decrease would result in an additional impairment of around €37,678 thousand. Furthermore, a 10% increase in the discount rate considered would result in an additional impairment of around €29,696 thousand and a 10% decrease in the already impaired value of approximately €35,965 thousand.

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

2) Alcalá de Guadaira

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

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

The main variables used in the test are the following:

- Discount of flows period: 2023 to 2032
- Discount rate before taxes: 10.87%
- Growth in perpetuity: 0%
- Residual value on recoverable amount of the CGU: 44.9%
- Recoverable amount allowance over book value: €11,350 thousand
- Compound annual growth rate (without CO₂), terminal value over business year 2022:
 - o Total turnover: 3.5%
 - o Gross Operating Profit: 13.7%

The Cementos Atlántico goodwill test can take a pre-tax discount rate of up to approximately 11.71%. Meanwhile, it would support an annual drop in cash flows of approximately 7% compared to projected flows.

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

FCC Environment Group (UK)

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

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

It should be noted that in 2012 there was an impairment of goodwill amounting to 190,229 thousand euros as a result of the decrease in cash flows of its activities due to changes in its calendar and amount. On the other hand, in 2013 there was an additional impairment of goodwill amounting to 236,345 thousand euros, mainly as a result of the decrease in the volume of tons treated in landfills. Finally, in 2014 there was an impairment of the items of property, plant and equipment affected by landfill activity amounting to 649,681 thousand euros. In 2020, a corporate reorganisation took place in relation to Environment activity in the United Kingdom, with certain assets transferred to Green Recovery Projects Limited.

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

The main assumptions used envisage an expected increase in revenue looking forwards in the range of approximately 1.2 to 3% for the 2023 to 2031 period, except for growth of 14% in 2025 as a result of the commissioning of the Lostock energy recovery plant, currently under construction, and a decrease in 2032, the last year considered and used as a basis for calculating the value of perpetual income. The landfill sector is where the decrease in sales is taking place, following the expected market evolution, compensated by the diversification of activities. The gross operating margin as a percentage of sales will move from 16.3% in 2023 and decrease to around 12.5% in the last two years. The pre-tax discount rate used was 10.86% with a 10-year time line used from estimates given the structural characteristics of the business and the long useful life of the assets. A growth rate of 1% has been considered in the calculation of perpetual income, which represents 33.9% of the total recoverable value. The result of the test renders an excess of the recoverable value over the book value of the cash generating unit of 206,846 thousand euros, supporting an increase of 1,300 basis points without incurring impairment. A 10% decrease in the current value of cash flows would reduce the excess to 174,997 thousand euros. If a zero growth rate had been considered, the aforementioned excess would have decreased to 166,053 thousand euros.

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

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

FCC Environment Group (CEE)

The FCC Group acquired 100% of the stake in the FCC Environment CEE group in 2006 for an investment cost of 226,829 thousand. From the moment of its acquisition, the Group considers the FCC Environment CEE subgroup as a single cash generating unit (CGU), with the goodwill recorded in the balance sheet associated exclusively with such CGU.

The Group operates in Central and Eastern Europe, with its headquarters located in Himberg (Austria). The countries in which it operates are: Austria, the Czech Republic, Slovakia, Poland, Romania, Serbia and Hungary. Its activity consists of the collection, transport and elimination of all types of waste, as well as auxiliary environmental services.

The cash flows considered in the impairment test take into account the current status of the CGU, making the best estimates of future flows based on the activities in the future.

The main hypotheses used suggest higher growth in revenue, of approximately 4.7% to 6.7% in the first years on account of new opportunities, before stabilising at around 3% in 2026 and 2027. These markets are mostly mature with limited growth expectations. In turn, the gross operating margin stands at around 16% for the entire period under consideration.

The pre-tax discount rate used was 12.26% and a growth rate of 0% was employed as part of the calculation of perpetual income, which accounts for 82.9% of the total recoverable value. The result of the test shows an excess in the recoverable value over the book value of the cash generating unit of 139,615 thousand euros. A 10% decrease in the present value of cash flows would bring this excess down to 92,907 thousand euros.

c) Other intangible fixed and non-current assets

The changes in this heading of the consolidated balance sheet in 2022 and 2021 were as follows:

	Other intangible assets	Accumulated Amortisation	Impairment	Net value
Balance at 31.12.20	360,060	(292,217)	(15,158)	52,685
Additions or allocations	12,142	(11,187)	(1,384)	(429)
Derecognitions, disposals or reductions	(3,237)	2,985	70	(182)
Translation differences	2,031	(992)	(23)	1,016
Change in scope, transfers and other changes	7,192	(3,732)	1	3,461
Balance at 31.12.21	378,188	(305,143)	(16,494)	56,551
Additions or allocations	22,566	(13,569)	(1)	8,996
Derecognitions, disposals or reductions	(151,399)	148,436	563	(2,400)
Translation differences	939	(460)	(25)	454
Change in scope, transfers and other changes	11,105	(10,448)	3,563	4,220
Balance at 31.12.22	261,399	(181,184)	(12,394)	67,821

"Release, removals and transfers" includes the derecognition of certain intangible assets that were recognised as part of business combinations in previous years that have already exhausted their useful life for the sum of 136,303 thousands of euros.

This heading mainly includes:

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

7. PROPERTY, PLANT AND EQUIPMENT

The net detail of property, plant and equipment at 31 December 2022 and 2021 is as follows:

	Cost	Accumulated amortisation	Impairment	Net value
2022				
Land and buildings	1,730,948	(609,299)	(94,093)	1,027,556
Land and natural resources	691,847	(175,830)	(81,064)	434,953
Buildings for own use	1,039,101	(433,469)	(13,029)	592,603
Plant and other items of property, plant and equipment	8,910,125	(5,810,603)	(630,274)	2,469,248
Plant	5,340,053	(3,491,070)	(592,689)	1,256,294
Machinery and vehicles	2,559,704	(1,738,073)	(33,720)	787,911
Advances and PP&E under construction	148,228	-	-	148,228
Other PP&E	862,140	(581,460)	(3,865)	276,815
	10,641,073	(6,419,902)	(724,367)	3,496,804
2021				
Land and buildings	1,661,173	(572,202)	(101,852)	987,119
Land and natural resources	694,516	(172,501)	(87,045)	434,970
Buildings for own use	966,657	(399,701)	(14,807)	552,149
Plant and other items of property, plant and equipment	8,185,089	(5,653,086)	(656,566)	1,875,437
Plant	4,997,778	(3,438,120)	(618,330)	941,328
Machinery and vehicles	2,320,002	(1,674,652)	(34,568)	610,782
Advances and PP&E under construction	92,561	-	-	92,561
Other PP&E	774,748	(540,314)	(3,668)	230,766
	9,846,262	(6,225,288)	(758,418)	2,862,556

The movements in the various fixed and non-current assets headings in 2022 and 2021 were as follows:

	Land and natural resources	Buildings for own use	Land and buildings	Plant	Machinery and vehicles	Advances and PP&E under construction	Other PP&E	Plant and other items of property, plant and equipment	Accumulated amortisation	Impairment
Balance at 31.12.20	683,055	933,900	1,616,955	4,721,372	2,215,724	109,411	748,649	7,795,156	(5,930,502)	(671,410)
Additions or allocations	4,930	48,216	53,146	31,783	154,912	77,196	54,451	318,342	(333,705)	(51,405)
Derecognitions, disposals or reductions	(993)	(35,409)	(36,402)	(19,043)	(117,319)	(465)	(40,121)	(176,948)	175,889	4,487
Translation differences	2,734	7,998	10,732	205,173	34,805	786	5,347	246,111	(144,145)	(39,843)
Change in scope, transfers and other changes	4,790	11,952	16,742	58,493	31,880	(94,367)	6,422	2,428	7,175	(247)
Balance at 31.12.21	694,516	966,657	1,661,173	4,997,778	2,320,002	92,561	774,748	8,185,089	(6,225,288)	(758,418)
Additions or allocations	10,386	45,928	56,314	51,492	303,287	105,922	81,816	542,517	(385,653)	(14,734)
Derecognitions, disposals or reductions	(1,654)	(26,926)	(28,580)	(11,996)	(104,925)	(731)	(18,902)	(136,554)	131,974	4,448
Translation differences	(781)	12,078	11,297	(34,076)	1,732	1,195	2,570	(28,579)	46,532	32,801
Change in scope, transfers and other changes	(10,620)	41,364	30,744	336,855	39,608	(50,719)	21,908	347,652	12,533	11,536
Balance at 31.12.22	691,847	1,039,101	1,730,948	5,340,053	2,559,704	148,228	862,140	8,910,125	(6,419,902)	(724,367)

Significant "Additions" in 2022 include investments made for the performance of the agreements for the Environmental Services activity, mainly in different companies that carry out their activity in the United States for a total of €90,391 thousand (€36,983 thousand in 2021), in FCC Medioambiente, S.A. (Spain) for a total of 160,731 thousand euros (98,249 thousand euros in 2021), at the FCC Environment group (UK) for a total of 34,957 thousand euros (32,838 thousand euros in 2021), and at FCC Environment CEE (Central Europe) for a total of 64,681 thousand euros (43,848 thousand euros in 2021). When it comes to End-to-End Water Management activity, worth particular mention are the investments made mainly in FCC Aqualia, S.A. (Spain) for the sum of 26,272 thousand euros (22,406 thousand euros in 2021), in SmVak (Czech Republic) for the sum of 30,440 thousand euros (28,453 thousand euros in 2021) and in the Georgia Global Utilities Group (Georgia), acquired in February 2022 (note 4), for the sum of 36,837 thousand euros as well as in construction activity, mainly in FCC Construcción, S.A. for the sum of 32,787 thousand euros (23,190 thousand euros in 2021).

"Changes in the scope of consolidation, transfers and other movements" for 2022 include the incorporation of the tangible assets corresponding to the Georgia Global Utilities Group, following its takeover, for the sum of 338,231 thousand euros (note 4).

During 2021, land and natural assets (quarries) of the Cement business impaired by 36,011 thousand euros (note 26) as a result of the expected shortening of their useful lives.

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

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

No interest was capitalised in 2022 and 2021 and the total interest capitalised at source as at 31 December 2022 amounts to 6,383 thousand euros (6,383 thousand euros in 2021).

As at 31 December 2022, in property, plant and equipment, €7,719 thousand (€8,331 thousand as at 31 December 2021) has been charged as income from capital grants.

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

The gross amount of fully depreciated property, plant and equipment which is nevertheless used in the production activity because it is in a good usable status amounts to 3,631,488 thousand at 31 December 2022 (3,023,954 thousand euros at 31 December 2021).

The property, plant and equipment net of depreciation on the attached consolidated balance sheet located outside the Spanish territory amount to 1,984,050 thousand euros at 31 December 2022 (1,473,477 thousand euros at 31 December 2021).

Restrictions on title to assets

Of the total property, plant and equipment on the consolidated balance sheet, at 31 December 2022, 734,000 thousand euros (790,359 thousand euros at 31 December 2021) are subject to ownership restrictions according to the following detail:

	Cost	Accumulated amortisation	Impairment	Net value
2022				
Buildings, plants and equipment	1,396,897	(717,304)	(4,533)	675,060
Other property, plant and equipment	162,538	(103,598)	-	58,940
	1,559,435	(820,902)	(4,533)	734,000
2021				
Buildings, plants and equipment	1,419,292	(686,066)	(4,364)	728,862
Other property, plant and equipment	163,012	(101,515)	-	61,497
	1,582,304	(787,581)	(4,364)	790,359

The restrictions on ownership of these assets arise from the lease agreements explained in note 9 of these notes to the consolidated financial statements, and also from assets assigned to the operation of certain agreements with characteristics similar to those of concession arrangements, but to which IFRIC 12 "Concession arrangements" (note 3.a) does not apply.

Purchase commitments

As part of the performance of their activities, Group companies have formalised commitments to acquire property, plant and equipment, mainly machinery and vehicles following the renewal Environmental Services activity contracts, which as at 31 December 2022 amounted to 173,305 thousands euros (24,510 thousand euros at 31 December 2021).

	2022	2021
Land and natural resources	-	-
Buildings for own use	-	-
Plant	-	-
Machinery and vehicles	138,338	22,075
In-progress property, plant and equipment and advances	610	-
Other PP&E	34,357	2,435
	173,305	24,510

8. INVESTMENT PROPERTY

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

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

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

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

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

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

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

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

- Estimated cash flows over the life of the agreement until its completion in 2037: The calculation is based on the amount of rents expected to be obtained, including the expenses chargeable to the lessee under the agreement (property tax, community charges and other fees), less the operating costs incurred for the management of the properties and the corresponding operating taxes. The cash flows obtained are discounted in line with expected inflation.

- Divestment value: An exit value of the property has been estimated at the end of the lease term. At that point it is not possible to re-apply a discounted cash flow methodology and it is necessary to calculate the sale value according to an exit yield based on the expected market rent that the properties could be generating at the time of sale and which can be capitalised in perpetuity. The market rent in 2037 has been determined on the basis of an analysis of the possible market rent of the premises, assuming that the market rent will vary annually until 2037 in line with expected annual inflation rates in the future. For the purpose of determining the net capitalisable income in perpetuity, the total amount of asset-related expenses expected in 2037 (no longer chargeable in the context of a market sale) has been deducted. It has also been assumed that minor investments will be necessary to adapt the assets for their sale on the market, estimating the marketing costs that would be incurred in their sale. The corresponding tax effect has been deducted from the amount of capital gain thus obtained.

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

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

The fair value of investment property amounted to 2,122,854 thousand euros at 31 December 2022 (2,069,187 thousand euros at 31 December 2021).

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

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

	2022		2021	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(46,385)	(34,789)	(47,305)	(35,479)
Decrease of 25 basis points	51,095	38,321	52,515	39,386

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

	2022		2021	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
10% increase	110,725	83,044	113,315	84,986
10% decrease	(112,175)	(84,131)	(111,470)	(83,603)

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

	2022		2021	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(28,970)	(21,728)	(26,610)	(19,958)
Decrease of 25 basis points	26,730	20,048	27,460	20,595

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

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

	2022		2021	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(12,490)	(9,368)	(13,044)	(9,783)
Decrease of 25 basis points	12,866	9,650	13,487	10,116

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

	2022		2021	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(4,525)	(3,394)	(5,535)	(4,151)
Decrease of 25 basis points	4,817	3,613	5,904	4,428

The movements in the various investment property items in 2022 and 2021 were as follows:

Balance 31.12.20	-
Additions	4,836
Derecognitions, disposals or reductions	(23,260)
Change in fair value	16,628
Change in scope, transfers and other changes	2,070,983
Balance 31.12.21	2,069,187
Additions	21,599
Derecognitions, disposals or reductions	(88)
Change in fair value	22,179
Translation differences	481
Change in scope, transfers and other changes	9,496
Balance 31.12.22	2,122,854

Significant "Additions" in 2022 included the capitalisation of constructions in progress for rental housing by the Realia Business, S.A. Group for the sum of 21,599 thousand euros.

"Changes in the scope of consolidation, transfers and other movements" in 2021, include the real estate assets incorporated due to the takeover of Realia Business, S.A., amounting to €1,470,575 thousand, and Jezzine Uno, S.L.U., a company dedicated to the rental of commercial properties, amounting to €600,404 thousand (note 4).

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

In 2022, there were commitments to acquire investment property for the sum of 11,549 thousand euros. At year-end 2021, the Group had no firm commitments to acquire or construct any investment property.

9. LEASES

a) Leases where the Group acts as lessee

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

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

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

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

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

The carrying amount of right-of-use assets amounted to 401,459 thousand euros at 31 December 2022 (449,783 thousand euros at 31 December 2021). The carrying amount, additions and write-downs during the business years 2022 and 2021 are detailed below by underlying asset class:

	Cost	Accumulated amortisation	Impairment	Net value	Additions	Amortisation charge
2022						
Land and buildings	430,800	(116,645)	(4,533)	309,621	36,387	(38,377)
Land and natural resources	43,658	(11,501)	(4,533)	27,623	4,142	(3,683)
Buildings for own use	387,142	(105,144)	-	281,998	32,245	(34,694)
Plant and other items of property, plant and equipment	168,370	(76,532)	-	91,838	36,656	(28,529)
Plant	3,340	(1,386)	-	1,954	15	(979)
Machinery and vehicles	135,888	(62,396)	-	73,492	28,081	(22,477)
Other PP&E	29,142	(12,750)	-	16,392	8,560	(5,073)
	599,170	(193,177)	(4,533)	401,459	73,043	(66,906)
2021						
Land and buildings	449,574	(101,577)	(602)	347,395	42,182	(38,283)
Land and natural resources	53,759	(8,662)	(602)	44,495	4,800	(3,563)
Buildings for own use	395,815	(92,915)	-	302,900	37,382	(34,720)
Plant and other items of property, plant and equipment	173,634	(71,246)	-	102,388	20,430	(37,996)
Plant	5,674	(3,095)	-	2,579	74	(1,072)
Machinery and vehicles	133,451	(53,746)	-	79,705	16,017	(29,746)
Other PP&E	34,509	(14,405)	-	20,104	4,339	(7,178)
	623,208	(172,823)	(602)	449,783	62,612	(76,279)

Lease liabilities recognised amount to €425,395 thousand at 31 December 2022 (€432,851 thousand at 31 December 2021), of which €78,970 thousand (€64,870 thousand at 31 December 2021) are classified as current in the accompanying consolidated balance sheet, as they mature within the next twelve months (note 19). Lease liabilities have generated an interest charge of €12,315 thousand at 31 December 2022 (€12,905 thousand at 31 December 2021). Lease payments made during the year amount to €80,525 thousand at 31 December 2022 (31 December 2021: €109,301 thousand) and are recognised under "Receivables and (payments) on financial liability instruments" and "Interest payments" in the accompanying consolidated cash flow statement. Details of non-current lease liabilities by maturity are shown below:

	2024	2025	2026	2027	2028 and beyond	Total
2022						
Liabilities for non-current leases	59,920	31,717	26,984	33,126	194,678	346,425

Certain agreements are excluded from the application of IFRS 16, mainly because they are low value assets or because their term is less than twelve months (note 3.g), and are recognised as an expense under "Other operating income" in the accompanying consolidated income statement, the amount of which is as follows for 2022 and 2021:

	2022	2021
Low value assets	3,571	1,048
Leases with term less than 12 months	92,308	61,738
	95,879	62,786

b) Leases in which the Group acts as lessor

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

In its position as lessor, the Group recognises operating income, mainly in the Real Estate business, amounting to €133,713 thousand (€25,126 thousand at 31 December 2021), as follows:

	2022	2021
Revenue from leases	111,461	21,887
Revenue from common pass-through expenses	22,252	3,239
	133,713	25,126

The increase in 2022 compared to 2021 can mainly be attributed to the fact that the previous year, only income from leases obtained by the Realia subgroup and by Jezzine Uno, S.L.U. during the last two months of the period following its takeover by part of the group were included.

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

	2022	2021
Offices and commercial premises	1,509,154	1,468,782
Banking entities	611,140	600,405
Plots and other investment property	2,560	-
	2,122,854	2,069,187

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

At 31 December 2022, the Group has contracted minimum lease payments of 875,278 thousand euros (890,048 thousand euros at 31 December 2021) with tenants in the Realia Group and Jezzine Uno, S.L.U., in accordance with the current agreements in force, without considering the repercussion of common expenses, future CPI increases or future updates of contractually agreed rents, with the following maturities:

	2022	2021
Less than a year	109,289	103,699
Between two and five years	289,737	279,398
After five years	476,252	506,951
	875,278	890,048

10. SERVICE CONCESSION ARRANGEMENTS

This Note presents an overview of all the Group's investments in concession businesses, which are recognised in various headings under "Assets" in the accompanying consolidated balance sheet.

The following table presents the total amount of the assets held under service concession arrangements by the Group companies, which are recognised under "Intangible assets", "Non-current financial assets", "Other current financial assets" and "Investments accounted for using the equity method" (for both joint ventures and associates) in the accompanying consolidated balance sheet at 31 December 2022 and 2021.

	Intangible assets (Note 6)	Financial assets (Note 13)	Joint concessionary businesses	Associated concessionary companies	Total investment
2022					
Water services	1,877,496	245,074	19,927	41,375	2,183,872
Environment	545,060	218,117	10,150	11,507	784,834
Transport infrastructure and other	485,754	142,145	10,925	37,311	676,135
TOTAL	2,908,310	605,336	41,002	90,193	3,644,841
Accumulated	(1,343,901)	-	-	-	(1,343,901)
Impairment	(51,765)	-	-	-	(51,765)
	1,512,644	605,336	41,002	90,193	2,249,175
2021					
Water services	1,795,300	230,771	28,679	44,627	2,099,377
Environment	533,995	235,057	9,752	9,515	788,319
Transport infrastructure and other	389,630	-	54,674	31,684	475,988
TOTAL	2,718,925	465,828	93,105	85,826	3,363,684
Accumulated	(1,224,775)	-	-	-	(1,224,775)
Impairment	(54,444)	-	-	-	(54,444)
	1,439,706	465,828	93,105	85,826	2,084,465

The main change between the two years under "Transport infrastructure and Others" mainly relates to the takeover of Sociedad Concesionaria Tranvía de Murcia (note 4), which includes the sum of 72,574 thousand euros as intangible assets and 142,144 thousand euros as financial assets.

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

	Net book value as at 31 December 2022		Granting entity	Collection mechanism
	Intangible assets	Financial assets		
Water services	795,423	245,074		
Jerez de la Frontera (Cádiz, Spain)	64,317	-	City Council of Jerez de la Frontera.	User based on consumption
Caltanissetta (Italy)	53,932	-	Consorzio Ambito Territoriale Ottimale	User based on consumption
Jeddah desalination plant (Saudi Arabia)	40,422	-	General Authority of Civil Aviation (Saudi Arabia)	User based on consumption
Lleida (Spain)	30,730	-	Lleida City Council	User based on consumption
Santander (Cantabria, Spain)	28,585	-	Santander City Council	User based on consumption
Acueducto Realito (Mexico)	26,677	61,466	State Water Commission	Mixed model
Llucmajor (Balearic Islands, Spain)	24,348	-	Llucmajor town council	User based on consumption
Badajoz (Badajoz, Spain)	23,115	-	Badajoz City Council	User based on consumption
Vigo (Pontevedra, Spain)	21,377	-	Vigo City Council	User based on consumption
Adeje (Tenerife, Spain)	21,099	-	Adeje City Council	User based on consumption
Oviedo (Asturias, Spain)	19,389	-	Oviedo City Council	
Mostaganem Desalination Plant (Algeria)	-	147,755	Algerian Energie Company S.p.a.	Cubic meters with guaranteed minimum
Guaymas Desalination Plant, Mexico	-	28,827	State Water Commission	Cubic meters with guaranteed minimum
Other contracts	441,432	7,026		
Transport infrastructure and other	329,905	142,144		
Coatzacoalcos submerged tunnel (Mexico)	218,842	-	Government of the State of Veracruz	Direct toll paid by the user
Conquense motorway (Spain)	38,489	-	Ministry for Economic Development	Shadow toll
Sociedad Concesionaria Tranvia de Murcia (Spain)	72,574	142,144	Murcia city council	Fixed amount plus the amount paid by the user
Environment	387,316	218,118		
Buckinghamshire plant (United Kingdom)	126,763	8,851	Buckinghamshire County Council	Fixed amount plus variable amount per ton
Loeches Plant (Alcalá de Henares,	109,651	-	Commonwealth of the East	According to tons treated
Campello Plant (Alicante, Spain)	49,280	-	Plan Zonal XV Consortium of the Community of Valencia	According to tons treated
Granada plant (Granada, Spain)	29,174	-	Provincial council of Granada	According to tons treated
Edinburgh Plant (United Kingdom)	20,681	87,567	City of Edinburgh and Midlothian Council	Variable per ton with guaranteed minimum
Houston recycling plant (United States)	19,592	-	City of Houston	According to tons treated
Gipuzkoa II plant	-	28,631	Gipuzkoa Waste Consortium	Variable per ton with guaranteed minimum
RE3 plant (United Kingdom)	-	27,620	Councils of Reading, Bracknell Forest and Workingham	Fixed amount plus variable amount per ton
Manises Plant (Valencia, Spain)	-	18,717	Metropolitan Entity for Waste Treatment	Fixed amount plus variable amount per ton
Wrexham I plant (United Kingdom)	-	17,457	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Wrexham II plant (United Kingdom)	-	15,267	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Other contracts	32,175	14,008		
FCC Group Total	1,512,644	605,336		

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

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

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

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

"Transport infrastructure and Other" activity includes, on the one hand, the toll road and tunnel concessions is the management, promotion, development and operation of land transport infrastructures, mainly toll roads and tunnels. It includes both the construction and the subsequent conservation and maintenance of the aforementioned infrastructures over a long concession period, which can range from 25 to 75 years. Invoicing is usually based on traffic intensity, both through direct vehicle tolls and shadow tolls, so cash flows are variable in relation to the aforementioned traffic intensity, and generally show an increasing trend as the concession period progresses, which is why, as the concessionaire bears the demand risk, they are recorded as intangible assets. The agreements generally comprise both the construction or improvement of the infrastructure over which the concessionaire receives a right of use, and the provision of maintenance services, with the infrastructure reverting at the end of its useful life to the grantor, usually without compensation. In certain cases, compensation mechanisms exist, such as an extension of the concession period or an increase in the toll price, so as to ensure a minimum return to the concessionaire. On the other, it also includes the operation of urban trams and other urban transport systems in which revenue is generated through the collection of fixed or determinable amounts that may be in the form of a subsidy or fee and that usually include financial balance clauses to ensure the recovery of the investment by the concession holder. Alternatively, in some contracts, amounts are received directly from passengers through ticket collecting or using advertising media.

It should also be noted that the concession companies in which the Group has holdings are obliged, in accordance with the concession agreements, to acquire or construct, during the concession period, fixed assets for an amount of 185,785 thousand euros at 31 December 2022 (176,283 thousand euros at 31 December 2021).

Finally, it is worth mentioning that the recoverable value of the main concession assets has been re-estimated in 2022. As a result of the analysis carried out, no impairment was shown to be necessary given that a substantial part of the concession assets are related to the water and environment businesses, activities that have generally been considered as "core" in the different jurisdictions, being particularly resilient to the impacts of the pandemic. In addition, a significant portion of the concessional asset portfolio corresponds to agreements not subject to demand risk, which significantly reduces the risk of impairment.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

	2022	2021
Joint ventures	158,648	209,991
Investment value	55,487	72,283
Loans	103,161	137,708
Associates	343,981	323,851
Investment value	165,768	133,030
Loans	178,213	190,821
	502,629	533,842

a) Joint ventures

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

The transactions for 2022 and 2021 by items are as follows:

	Balance at 31.12,2021	Profit for the year (Note 26.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31.12,2022
As Cancelas Siglo XXI, S.L.	46,954	2,585	(1,217)	-	-	-	(9,700)	38,622
FCC Environment Group (UK)	10,261	11,700	(2,288)	-	-	(542)	-	19,131
Zabalgardi, S.A.	13,834	3,593	(4,500)	3,061	-	-	-	15,988
Ibisan Sociedad Concesionaria, S.A.	8,401	1,090	-	1,434	-	-	-	10,925
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	14,587	1,786	(378)	-	-	(5,104)	(11)	10,880
Ecoparc del Besós, S.A.	7,389	3,164	(2,216)	61	-	-	-	8,398
Atlas Gestión Medioambiental, S.A.	8,627	1,591	(2,671)	-	-	-	-	7,547
Construcciones Olabarri, S.L.	5,820	149	-	-	-	-	-	5,969
Aguas de Langreo, S.L.	3,841	(53)	-	-	-	29	(366)	3,451
Empresa Municipal de Aguas de Benalmádena, S.A.	3,984	123	(188)	-	-	(138)	(787)	2,994
Sociedad Concesionaria Tranvía de Murcia, S.A.	46,273	2,044	-	-	-	(26,471)	(21,846)	-
Other	40,020	3,360	(1,493)	47	-	(5,354)	(1,837)	34,743
Total joint ventures	209,991	31,132	(14,951)	4,603	-	(37,580)	(34,547)	158,648

	Balance at 31.12,2020	Profit for the year (Note 26.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31.12,2021
Sociedad Concesionaria Tranvía de Murcia, S.A.	43,222	1,856	-	-	-	-	1,195	46,273
As Cancelas Siglo XXI, S.L.	-	535	-	-	-	36,719	9,700	46,954
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	11,977	1,617	-	-	-	991	2	14,587
Zabalgardi, S.A.	16,060	3,024	(3,000)	(2,250)	-	-	-	13,834
Mercia Waste Management Ltd.	11,782	4,712	(8,696)	-	-	916	-	8,714
Atlas Gestión Medioambiental, S.A.	9,808	1,186	(2,365)	-	-	(2)	-	8,627
Ibisan Sociedad Concesionaria, S.A.	8,204	1,889	(2,454)	808	-	(46)	-	8,401
Ecoparc del Besós, S.A.	7,803	2,192	(2,813)	207	-	-	-	7,389
Construcciones Olabarri, S.L.	5,735	86	-	-	-	(1)	-	5,820
Empresa Municipal de Aguas de Benalmádena, S.A.	4,760	285	(180)	-	-	(92)	(789)	3,984
Aguas de Langreo, S.L.	4,260	(29)	-	-	-	(25)	(365)	3,841
FM Green Power Investments, S.L.	16,462	17,672	-	7,289	-	(41,423)	-	-
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.	-	(1,136)	-	-	-	22,124	(20,988)	-
Other	41,864	1,574	(2,395)	-	-	(7,335)	7,858	41,566
Total joint ventures	181,937	35,463	(21,903)	6,054	-	11,826	(3,387)	209,990

In 2022, the "Conversion differences and other movements" and "Variation in loans granted" columns include the derecognition of Sociedad Concesionaria Tranvía de Murcia, S.A. following the completion of the takeover having acquired an additional stake of 50% (note 4).

The following are the key financial statement aggregates of the joint ventures in proportion to the percentage interest held in the joint ventures at 31 December 2022 and 2021.

	2022	2021
Non-current assets	355,530	302,127
Current assets	180,421	161,114
Non-current liabilities	316,645	320,000
Current liabilities	158,715	133,354
Results		
Revenue	207,861	230,669
Operating profit/(loss)	51,391	49,773
Profit before tax	41,841	42,469
Profit attributable to the Parent Company	31,132	35,464

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

The difference between the two years can mainly be attributed to the change in the consolidation method of Sociedad Concesionaria Tranvía de Murcia, S.A. and Reciclaje de Componentes Electrónicos S.A.; following the takeover of both companies, they are now fully consolidated (note 4).

In relation to joint ventures with third parties outside the FCC Group, guarantees amounting to €7,564 thousand (€7,564 thousand in 2021) have been provided, mostly to public bodies and private customers to guarantee the successful completion of the agreements for the Group's various activities. There are no relevant commitments or other significant contingent liabilities in relation to joint ventures.

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

b) Associates

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

The transactions for 2022 and 2021 by items are as follows:

	Balance at 31.12.2021	Profit for the year (Note 26.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2022
FCC Group PFI Holdings	121,495	(797)	-	-	-	1,151	(11,977)	109,872
Future Valleys Project Co. Limited	30,973	491	-	27,138	-	115	1,006	59,723
Metro de Lima Línea 2, S.A.	31,684	3,714	-	-	-	1,912	-	37,310
Giant Cement Holding	18,327	(10,698)	-	4,500	-	1,322	4,751	18,202
Suministro de Agua de Querétaro, S.A. de C.V.	9,325	1,410	(5)	-	-	998	-	11,728
Aguas del Puerto Empresa Municipal, S.A.	11,948	(330)	-	-	-	371	(520)	11,469
World Trade Center Barcelona, S.A. de S.M.E.	9,904	496	-	-	-	(1)	-	10,399
Tirme Group	8,156	5,138	(3,573)	-	-	(7)	-	9,714
Lázaro Echevarría, S.A.	7,959	7	-	-	-	45	-	8,011
Aigües del Segarra Garrigues, S.A.	7,473	559	(864)	-	-	(132)	-	7,036
FCC Environment Group (CEE)	7,148	1,675	(1,488)	23	-	(354)	-	7,004
Hormigones y Áridos del Pirineo Aragonés, S.A.	6,090	137	(114)	-	-	(1)	-	6,112
Codeur, S.A.	6,503	(194)	-	-	-	(285)	-	6,024
Gestión Integral de Residuos Sólidos, S.A.	5,331	11	-	-	-	-	-	5,342
Aigües del Vendrell	5,268	(203)	-	-	-	19	(222)	4,862
Cafig Constructores, S.A. de C.V.	4,497	298	(1,715)	-	-	480	-	3,560
Other	31,770	(723)	(1,252)	1	-	3,463	(5,646)	27,611
Total associates	323,851	991	(9,011)	31,662	-	9,096	(12,608)	343,981

	Balance at 31.12.2020	Profit for the year (Note 26.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2021
FCC Group PFI Holdings	82,777	(609)	-	-	8,584	1,591	29,152	121,495
Grupo Realia Business	278,104	10,716	-	901	-	(289,721)	-	-
Metro de Lima Línea 2, S.A.	26,215	3,143	-	-	-	2,326	-	31,684
Future Valleys Project Co. Limited	24,134	(3,395)	-	5,423	-	(98)	4,909	30,973
Giant Cement Holding	9,973	3,132	-	4,453	-	769	-	18,327
Aguas del Puerto Empresa Municipal, S.A.	13,229	(371)	-	-	-	386	(1,296)	11,948
World Trade Center Barcelona, S.A. de S.M.E.	10,137	443	(676)	-	-	-	-	9,904
Suministro de Agua de Querétaro, S.A. de C.V.	9,135	1,465	(1,561)	-	-	286	-	9,325
Tirme Group	6,782	3,902	(2,528)	-	-	-	-	8,156
Lázaro Echevarría, S.A.	8,065	(21)	-	-	-	(85)	-	7,959
Aigües del Segarra Garrigues, S.A.	7,182	269	-	-	-	22	-	7,473
FCC Environment Group (CEE)	6,309	2,421	(1,485)	(16)	-	(81)	-	7,148
Codeur, S.A.	6,560	13	(181)	-	-	111	-	6,503
Hormigones y Áridos del Pirineo Aragonés, S.A.	5,940	193	(43)	-	-	-	-	6,090
Gestión Integral de Residuos Sólidos, S.A.	5,298	33	-	-	-	-	-	5,331
Aigües del Vendrell	5,307	(19)	-	-	-	(19)	(1)	5,268
Cafig Constructores, S.A. de C.V.	3,518	2,838	(2,079)	-	-	220	-	4,497
Other	32,184	604	(753)	-	-	401	(666)	31,770
Total associates	540,849	24,757	(9,306)	10,761	8,584	(283,892)	32,098	323,851

The assets, liabilities, turnover and profit/(loss) for 2022 and 2021 are presented below, in proportion to the shareholding in the capital of each associate.

	2022	2021
Non-current assets	660,762	568,152
Current assets	265,136	270,297
Non-current liabilities	556,167	519,558
Current liabilities	189,345	171,514
Revenue	401,879	375,865
Operating profit/(loss)	13,104	45,090
Profit before tax	2,426	33,625
Profit attributable to the Parent Company	991	24,757

12. JOINT AGREEMENTS. JOINT OPERATIONS

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

Below are the key figures of the jointly operated contracts that are included in the different headings of the accompanying balance sheet and consolidated income statement, in proportion to their participation, as at 31 December 2022 and 2021.

	2022	2021
Non-current assets	203,796	204,452
Current assets	1,459,053	1,246,213
Non-current liabilities	46,847	55,787
Current liabilities	1,572,217	1,344,532
Results		
Revenue	1,013,815	1,063,186
Gross operating profit/(loss)	143,772	108,883
Net operating profit/(loss)	111,086	69,161

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

In relation to contracts managed jointly with third parties outside the Group, guarantees totalling €1,914,575 thousand (€1,429,454 thousand in 2021) were provided, mostly to public bodies and private customers, to guarantee the successful completion of urban sanitation works and contracts.

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

13. NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS

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

a) Non-current financial assets

Non-current financial assets at 31 December 2022 and 2021 are distributed as shown below:

	Financial assets at amortised cost	Financial assets at fair value charged to reserves	Financial assets at fair value charged to profit and loss	Hedging derivatives	Total
2022					
Equity instruments	-	162,959	-	-	162,959
Derivatives	-	-	-	39,345	39,345
Collection rights concession arrangements	551,455	-	-	-	551,455
Deposits and guarantees	75,269	-	-	-	75,269
Other financial assets	75,183	6,356	-	-	81,539
	701,907	169,315	-	39,345	910,567
2021					
Equity instruments	-	33,701	-	-	33,701
Derivatives	-	-	621	92	713
Collection rights concession arrangements	421,883	-	-	-	421,883
Deposits and guarantees	73,781	-	-	-	73,781
Other financial assets	73,570	372	-	-	73,942
	569,234	34,073	621	92	604,020

The year-on-year increase under "Collection rights under concession agreements" can mainly be attributed to the inclusion of the balance of Sociedad Concesionaria Tranvía de Murcia, S.A., which at 31 December contributed 129,472 thousand euros following the takeover (note 4).

The main change in the table above comes in the form of the purchase of Metrovacesa, following the takeover bid and subsequent acquisitions on the stock market, with the fair value of the investment at 31 December 2022 standing at 133,471 thousand euros, representing a 13.81% interest. The fair value was calculated using the stock market price on the last trading day for the year. The investment was booked as a financial asset at fair value charged to reserves as the Group does not wield significant influence over the company's Board of Directors. In turn, the increase in hedging derivatives reflects the impact of the rise in interest rates on the fair value, mainly of variable interest rate to fixed rate swaps.

The breakdown of the "Equity instruments" heading at 31 December 2022 and 2021 is detailed below:

	% Effective ownership	Fair value
2022		
Participations equal to or greater than 5%:		
Metrovacesa, S.A.	13.81%	133,471
Shariket Miyeh Djinet, S.p.a	13.01%	10,167
Cafasso N.V.	15.00%	2,744
Vertederos de Residuos, S.A.	16.03%	10,639
Consorcio Traza, S.A.	16.60%	3,628
Other		1,792
Participations below 5%:		
Other		518
		162,959
2021		
Participations equal to or greater than 5%:		
Shariket Miyeh Djinet, S.p.a	13.01%	10,167
Cafasso N.V.	15.00%	8,777
Vertederos de Residuos, S.A.	16.03%	8,764
Consorcio Traza, S.A.	16.60%	3,628
Other		1,869
Participations below 5%:		
Other		496
		33,701

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

	2024	2025	2026	2027	2028 and beyond	Total
Deposits and guarantees	4,635	866	1,857	1,432	66,479	75,269
Collection rights concession agreement (notes 3.a) and 10)	45,336	45,697	45,836	46,129	368,457	551,455
Non-commercial loans and other financial assets	9,028	8,687	15,356	8,769	33,343	75,183
	58,999	55,250	63,049	56,330	468,279	701,907

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

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

b) Other current financial assets

This heading of the accompanying consolidated balance sheet includes the financial deposits constituted by contractual guarantees, the collection rights derived from concessionary financial assets (note 10) maturing within less than twelve months, current financial investments made for more than three months to meet certain specific treasury situations, credits granted to companies accounted for using the equity method and loans to current third parties.

The details of “Other Current Financial Assets” at 31 December 2022 and 2021 is as follows:

	Financial assets at amortised cost	Financial assets at fair value charged to profit and loss	Hedging derivatives	Total
2022				
Derivatives	-	-	6,984	6,984
Collection rights concession arrangements	53,881	-	-	53,881
Deposits and guarantees	61,377	-	-	61,377
Other financial assets	96,569	2,441	-	99,010
	211,827	2,441	6,984	221,252
2021				
Derivatives	-	-	73	73
Collection rights concession arrangements	43,945	-	-	43,945
Deposits and guarantees	63,173	-	-	63,173
Other financial assets	77,174	-	-	77,174
	184,292	-	73	184,365

Other financial assets mainly include current loans granted and other accounts receivable from joint ventures and associates for the sum of 49,037 thousand euros (23,892 thousand euros in 2021), current loans to third parties for the sum of 33,525 thousand euros (29,276 thousand euros in 2021) and deposits in credit institutions for the sum of 8,838 thousand euros (16,654 thousand euros in 2021).

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

14. INVENTORIES

The breakdown of "Inventory net of impairment" at 31 December 2022 and 2021 was as follows:

	2022	2021
Real estate	763,867	804,423
Raw materials and other supplies	275,387	216,302
Construction	102,435	79,924
Cement	90,961	80,534
Integrated Water Management	28,104	20,469
Environmental Services	52,618	34,013
Real Estate	8	6
Concessions	191	192
Corporation	1,070	1,164
Finished goods	20,917	16,729
Advances	83,031	69,808
	1,143,202	1,107,262

"Real estate" includes plots for property development, mostly for residential use and property developments in the course of production, for which there are sales commitments for a final delivery value to customers of 119,610 thousand euros (105,518 thousand euros in 2021). The advances that some customers have paid on behalf of the aforementioned "Real Estate" are guaranteed by insurance contracts or bank guarantees, in accordance with the requirements established by the regulations in force.

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

The composition of the balance of the item "Real estate" at 31 December 2022 and 2021 is as follows:

	Cost	Impairment	Net value
2022			
Land and plots	675,770	(107,526)	568,244
Short-cycle property developments in progress	58,086	(768)	57,318
Long-cycle property developments in progress	142,027	(63,496)	78,531
Finished property developments	67,435	(7,661)	59,774
Total	943,318	(179,451)	763,867
2021			
Land and plots	730,234	(103,079)	627,155
Short-cycle property developments in progress	44,181	(800)	43,381
Long-cycle property developments in progress	143,819	(62,537)	81,282
Finished property developments	61,694	(9,089)	52,605
Total	979,928	(175,505)	804,423

The movements in the various items under the heading "Real estate" in the business years 2022 and 2021 were as follows:

	Land and plots	Short-cycle property developments in progress	Long-cycle property developments in progress	Finished property developments	Impairment
Balance at 31.12.20	466,330	38,074	82,323	40,701	(174,795)
Additions or allocations	17,771	40,779	3,686	-	(6,955)
Derecognitions, disposals or reductions	(38,243)	(25,592)	-	(33,503)	6,963
Translation differences	2	-	-	-	(2)
Change in scope, transfers and other changes	284,374	(9,080)	57,810	54,496	(716)
Balance at 31.12.21	730,234	44,181	143,819	61,694	(175,505)
Additions or allocations	39,230	141,112	108,915	20,254	(15,736)
Derecognitions, disposals or reductions	(79,747)	(152,653)	(76,926)	(33,527)	22,441
Translation differences	2	-	-	-	(2)
Change in scope, transfers and other changes	(13,949)	25,446	(33,781)	19,014	(10,649)
Balance at 31.12.22	675,770	58,086	142,027	67,435	(179,451)

In 2021, "Changes in scope, transfers and other movements" mainly includes the incorporation of the Realia Business Group, following its takeover, amounting to 334,317 thousand euros (note 4).

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

	2022	2021
Estates and promotions Tres Cantos (Madrid)	179,472	190,411
Estates and promotions Arroyo Fresno (Madrid)	73,231	68,407
Estates and Promotions El Molar (Madrid)	53,064	53,060
Estates and promotions Badalona (Barcelona)	44,739	38,207
Estates and promotions Sant Joan Despí (Barcelona)	35,356	43,180
Estates and Promotions Esencia Sabadell (Barcelona)	20,400	12,040
Estates and Promotions Las Glorias (Barcelona)	17,668	9,320
Estates and Promotions San Gregorio (Zaragoza)	13,800	13,800
Estates and Promotions Arroyo Encomienda (Valladolid)	12,823	12,230
Estates and Promotions Ensanche Vallecas (Madrid)	11,997	25,136
Estates and Promotions Nueva Condomina Golf (Murcia)	11,642	11,610
Estates and Promotions Marítimo (Valencia)	10,847	10,850
Estates and Promotions Valdebebas (Madrid)	10,110	9,910
Estates and Developments Torres del Mar (Las Palmas)	10,080	9,330
Estates and Developments Alcorcón	9,354	
Other properties and developments	249,284	296,932
	763,867	804,423

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

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

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

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

The total value of real estate inventories determined by independent experts amounted to 813,950 thousand euros as at 31 December 2022.

The key assumptions considered in making the assessments are:

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

In 2022, the total accumulated balance of impairment of property inventories amounts to 179,451 thousand euros (175,505 thousand euros in 2021).

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

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

15. COMMERCIAL DEBTORS, OTHER ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

a) Trade receivables for sales and services

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

The following is the breakdown of "Receivables external to the Group" at 31 December 2022 and 2021:

	2022	2021
Progress billings receivable and trade receivables for sales	1,160,660	1,046,885
Completed output pending certification	747,603	676,371
Warranty retainers	53,342	67,133
Production billed to associated and jointly controlled companies	59,204	54,825
Trade receivables for sales and services	2,020,809	1,845,214
Advances received for orders (Note 21)	(647,029)	(357,807)
Total trade receivables for sales and services	1,373,780	1,487,407

The total shown corresponds to the net balance of debtors, after taking into account adjustments for bad debt risk amounting to 248,794 thousand euros (212,501 thousand euros at 31 December 2021) and deducting the item for advances received for orders shown under "Trade and other payables" on the liabilities side of the accompanying consolidated balance sheet. This item also includes the certified amounts of advances for various items, regardless of whether or not they have been paid.

The loans for commercial operations in default are as follows:

	2022	2021
Construction	41,179	58,238
Environmental Services	238,529	266,083
Water	135,486	115,391
Corporation	45	46
TOTAL	415,239	439,758

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

"Certified production receivable and sales receivables" mainly includes the amount of certifications issued to customers for work performed in the Construction segment amounting to 242,859 thousand euros (239,180 thousand euros at 31 December 2021) and services rendered by the other segments amounting to 917,801 thousand euros (807,705 thousand euros at 31 December 2021), pending collection at the consolidated balance sheet date. In general, there are no disputes in relation to the above.

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

"Completed production pending certification" includes completed work pending certification corresponding to the construction agreements carried out by the Group amounting to 333,215 thousand euros (342,375 thousand euros at 31 December 2021). The aforementioned balance mainly includes the differences between the production executed, valued at selling price, and the certification carried out to date in accordance with the contract in force, amounting to 286,954 thousand euros (313,075 thousand at 31 December 2021), i.e. production recognised according to the degree of progress arising from differences between the time at which the production of the work, covered by the contract signed with the customer and approved by the latter, is executed and the time at which the latter proceeds to its certification.

In addition, the heading "Production executed pending certification" includes services rendered mainly in the Environment and Water activities which are invoiced more frequently than monthly, basically corresponding to work carried out in the normal course of business amounting to 325,510 thousand euros (249,179 thousand euros at 31 December 2021).

b) Other receivables

The breakdown of the "Other receivables" at 31 December 2022 and 2021 was as follows:

	2022	2021
Public Administrations - VAT receivable (Note 23)	103,972	88,648
Public Administrations - Other taxes payable (Note 23)	63,762	61,581
Other loans	131,930	106,264
Advances and credits to staff	2,271	1,672
Total other receivables	301,935	258,165

c) Other current assets

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

16. CASH AND CASH EQUIVALENTS

This item includes the Group's cash and cash equivalents, as well as bank deposits and deposits with an original maturity of three months or less. These balances were remunerated at market interest rates in both 2022 and 2021.

The breakdown by currency of the cash and cash equivalents position is as follows for the business years 2022 and 2021:

	2022	2021
Euro	590,950	1,041,926
Pound sterling	245,211	214,423
United States dollar	276,303	74,134
Saudi riyal	199,037	25,901
Romanian leu	21,734	49,960
Czech koruna	20,797	30,318
Algerian dinar	14,845	22,730
Georgian lari	12,635	-
Other European currencies	29,722	3,157
Latin America (various currencies)	132,109	42,746
Other	32,195	30,230
Total	1,575,538	1,535,525

Under certain financing agreements, especially project finance, there is an obligation to hold minimum amounts as security for obligations under such agreements amounting to 242 million euros (317.1 million euros in 2021).

17. EQUITY

The accompanying Statement of Changes in Total Equity at 31 December 2022 and 2021 shows the evolution of equity attributed to the shareholders of the Parent and non-controlling interests in the respective years.

The Ordinary General Shareholders' Meeting held on 14 June 2022 approved the distribution of a flexible dividend (scrip dividend) for a maximum value of 170,069,454.40 thousand euros. Shareholders received the corresponding allocation rights and were able to choose between three options: sale of rights to FCC for 0.40 euros, transfer of the rights on the market or to refrain from transferring them and receiving new shares released. The exchange ratio was set at one new share for every 28 old shares. Shareholders who chose this option also received a compensatory cash dividend of 0,493 euros for each new bonus share received, to make this financially equivalent to transferring their rights to the company.

On 4 July 2022, the negotiation period for the allocation rights ended, with the holders of 97.94% of rights opting to receive new shares. As such, 14,871,347 new shares corresponding to 3.50% of the capital stock prior to the increase were issued, resulting in the disbursement of a compensatory dividend, as well as the rights acquired by the Company for the sum of 10,783 thousand euros.

On 11 July 2022, the public deed to increase the Company's paid-up capital with a charge to voluntary reserves was registered at the Barcelona Mercantile Registry.

The Ordinary General Shareholders' Meeting held on 14 June 2022, approved the reduction of the share capital of Fomento de Construcciones y Contratas, S.A. by a maximum nominal amount of 1,700,000 euros, through the redemption of up to 1,700,000 treasury shares with a nominal value of one euro.

The Board of Directors, at its meeting on 14 June 2022 after the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A., decided to proceed with the agreement for the reduction of share capital through the redemption of treasury stock for the maximum amount established by the General Shareholders' Meeting, i.e. 1,700,000 shares, bringing the share capital to 438,344,983 shares with a nominal value of one euro. On 18 July 2022, the public deed for the aforementioned reduction in capital was registered in the Mercantile Registry of Barcelona.

The capital reduction of 1,700 thousand euros led to a decrease in the balance of treasury stock for the sum of 17,910 thousand euros, taking the difference of 16,210 thousand euros to voluntary reserves. Having also constituted the restricted reserve for redeemed capital as required for an amount of 1,700 thousand euros, equal to the nominal value of the redeemed shares, charged to voluntary reserves.

In relation to 2021, the Ordinary General Shareholders' Meeting held on 29 June 2021, agreed to the distribution of a scrip dividend for the maximum value of 163,642,647.20 euros. Shareholders received the corresponding allocation rights and were able to choose between three options: the sale of rights to FCC for EUR 0.40, transfer of the rights on the market or to refrain from transferring them and receiving new shares released. The exchange ratio was set at one new share for every 25 old shares. Shareholders who chose this option also received a compensatory cash dividend of 0,416 euros for each new bonus share received, to make this financially equivalent to transferring their rights to the company.

On 20 July 2021, the negotiation period for the allocation rights ended, with the holders of 98.18% of rights opting to receive new shares. As such, 16,067,018 new shares corresponding to 3.93% of the capital stock prior to the increase were issued, resulting in the disbursement of a compensatory dividend, as well as the rights acquired by the Company for the sum of 9,631 thousand euros.

On 2 February 2022, FCC Aqualia, S.A. acquired a 65% stake in the Georgia Global Utilities Group, which, following the spin-off of the energy activity, represented 80% of the public water services business (note 4). FCC Aqualia, S.A. holds a put option and a call option for the 20% stake held by the non-controlling interest in the public water services business. This put option was recognised as a financial liability at fair value (note 19) rather than as an equity instrument, meaning that the non-controlling interests are not recognised for the interest affected by the put option. The difference between the fair value of the put option and the value that the non-controlling interests would hold on the closing date in the absence of the put option, is booked as an equity transaction and is charged to reserves, as at 31 December 2022; this difference comes to 1,961 thousand euros.

In October 2021, FCyC, S.A. acquired a stake representing 13.12% of the share capital of Realia Business, S.A. (note 4) in which it previously held significant influence with 37.40%. This transaction enabled the FCC Group to take control of the Realia subgroup, which led to an amount of €797,010 thousand being recorded under "Non-controlling interests" in the accompanying consolidated balance sheet.

Additionally, in October 2021, Jezzine Uno, S.L.U. joined the FCC Group through a non-monetary capital increase in FCyC, S.A., fully subscribed by Soimob (note 4), meaning that the latter now holds 19.97% of FCyC, S.A.'s capital stock. Consequently, an amount of €226,200 thousand was recorded under "Non-controlling interests".

On 21 December 2021, the Realía Group, through its subsidiary Realía Patrimonio, S.L.U., acquired an additional 37.11% stake in Hermanos Revilla, S.A. (note 4). With this acquisition, the Realía Group's direct and indirect shareholding in the aforementioned company increased to 87.76%. Since prior to the acquisition, the FCC Group already had control of both investees, the difference between the purchase price and the book value of the minority interests acquired generated a decrease in reserves of 2,946 thousand euros.

In March and April 2021, the sale of the 51% interest that the Group held in the Cedinsa subgroup (note 4), previously fully consolidated, was completed, 49% in Concessió Estacions Aeroport L9, S.A. and 29% in Urbs Iudex et Causidicus, S.A. As a result of these transactions, there was a decrease in non-controlling interests for the sum of 117,804 thousand euros in addition to pre-tax profit of 39,256 thousand euros, including the allocation of the valuation adjustments for the sum amount of (93,029) thousand euros to profit and loss.

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

I. Equity attributable to the Parent

a) Capital

The capital of Fomento de Construcciones y Contratas, S.A. comprises 438,344,983 ordinary shares represented through book entries with a par value of 1 euro each.

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

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

In relation to the part of the capital held by other companies, directly or through their subsidiaries, when it exceeds 10%, on the reporting date, Control Empresarial de Capitales, S.A. de C.V., controlled by the Slim family, holds directly and indirectly, at the date of preparation of these accounts, 65.76%. Furthermore, Finver Inversiones 2020, S.L.U., 100% owned by Inmobiliaria AEG, S.A. de C.V., which in turn is controlled by Carlos Slim Helú, has a 11.26% holding. Finally, the company Nueva Samede Inversiones 2016, S.L.U. has a direct holding of 4.56% of the capital. Esther Koplowitz Romero de Juseu also holds 143,548 direct shares in Fomento de Construcciones y Contratas, S.A.

b) Accumulated earnings and other reserves

The composition of this heading of the accompanying consolidated balance sheet as at 31 December 2022 and 2021 is as follows:

	2022	2021
Reserves of the Parent	1,899,802	1,667,259
Consolidation reserves	789,659	475,333
	2,689,461	2,142,592

b.1) Reserves of the Parent Company

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

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

	2022	2021
Share premium	1,673,477	1,673,477
Legal reserve	85,035	81,821
Reserve for redeemed capital	7,734	6,034
Voluntary reserves and losses from previous years	133,556	(94,073)
	1,899,802	1,667,259

Share premium

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

Legal reserve

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

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

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

The Board of Directors of Fomento de Construcciones y Contratas, S.A. has decided to propose, as part of the distribution of profits for 2022, the constitution of the legal reserve up to 20% of the capital of the Parent Company for an additional amount of 2,634 thousand euros.

Reserve for redeemed capital

This reserve includes the nominal value of the amortised treasury shares in 2002, 2008 and 2022 charged to available reserves, in accordance with the provisions of article 335.c of the Spanish Corporate Enterprises Act. The reserve for amortised capital is unavailable, other than with the same requirements as for capital reduction.

Voluntary reserves

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

b.2) Consolidation reserves

This heading of the accompanying consolidated balance sheet includes the consolidated reserves generated in each of the areas of activity. Also, in accordance with IFRS 10 "Consolidated financial statements", those derived from changes in the shareholding of Group companies are included as long as control is maintained, for the difference between the amount of the purchase or additional sale and the book amount of the interest. Meanwhile, in accordance with IAS 19 "Employee benefits", this section includes the actuarial profit and loss of pension plans and other social security benefits. The breakdown of this item as at 31 December 2022 and 2021 is as follows:

	2022	2021
Environment	438,822	259,873
Water	218,512	172,730
Construction	60,696	37,670
Cement	38,456	42,441
Real Estate	197,546	(31,376)
Concessions	(15,891)	119,538
Corporation	(148,482)	(125,543)
	789,659	475,333

c) Shares and equity interests

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

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

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

Balance at 31 December 2020	(18,012)
Acquisitions	(8,662)
Balance at 31 December 2021	(26,674)
Acquisitions	(18,500)
Accumulated	17,910
Balance at 31 December 2022	(27,264)

	2022		2021	
	Number of shares	Amount	Number of shares	Amount
Fomento de Construcciones y Contratas, S.A.	2,741,524	(27,264)	2,410,758	(26,674)
TOTAL	2,741,524	(27,264)	2,410,758	(26,674)

As at 31 December 2022, the shares of the Parent Company, owned by it or by subsidiaries, represent 0.63% of the capital stock (0.57% as at 31 December 2021).

d) Valuation adjustments

The breakdown of this accompanying consolidated heading at 31 December 2022 and 2021 was as follows:

	2022	2021
Changes in the fair value of financial instruments	63,271	(722)
Translation differences	(91,113)	(113,411)
	(27,842)	(114,133)

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

Changes in the fair value of taxes of financial assets at fair value with changes in other comprehensive income (Note 13) and of cash flow hedging derivatives (Note 22) are included in this heading.

The breakdown of the adjustments due to a change in the fair value of the financial instruments as at 31 December 2022 and 2021 is as follows:

	2022	2021
Financial assets at fair value with changes in other comprehensive income	13,049	7,730
Vertederos de Residuos, S.A.	9,532	7,657
Metrovacesa, S.A.	3,408	-
Other	109	73
Financial derivatives	50,222	(8,452)
Future Valleys Project Co. Limited	32,776	5,402
FCC Group - PFI Holdings	-	(5,391)
Green Recovery Group	10,756	(1,937)
Grupo Realia Business	4,590	52
Other	2,100	(6,578)
	63,271	(722)

The increase in "Financial derivatives" is mainly due to the increase in the fair value of variable to fixed rate swaps on account of the rise in interest rates that took place in 2022 (note 13).

d.2) Translation differences

The detail of the amounts included under this heading for each of the most significant companies at 31 December 2022 and 2021 is as follows:

	2022		2021	
Pound sterling				
FCC Environment Group (UK)	(44,520)		(26,650)	
Green Recovery Group	(53,934)		(68,399)	
Dragon Alfa Cement Limited	(3,084)		(3,084)	
Other	(18,935)	(120,473)	(3,450)	(101,583)
US dollar				
FCC Environmental Services (USA) Llc.	9,269		160	
FCC Group Construcción de América	5,756		7,197	
Giant Cement Holding, Inc.	(303)		(1,567)	
Other	11,639	26,361	2,430	8,220
Georgian lari				
Georgia Global Utilities Group	39,536	39,536	-	-
Egyptian pound				
Orasqualia Devel. Waste T.P. S.A.E.	(8,477)		(5,874)	
Egypt Environmental Services, S.A.E.	(7,105)		(5,522)	
Other	(851)	(16,433)	(591)	(11,987)
Tunisian dinar				
Société des Ciments d'Enfidha	(26,842)		(25,927)	
Other	(45)	(26,887)	(808)	(26,735)
Other Currencies				
Other	6,783	6,783	18,674	18,674
		(91,113)		(113,411)

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

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

	2022	2021
United Kingdom	470,424	482,023
United States of America	268,675	53,077
Georgia	225,189	-
Algeria	175,107	171,624
Mexico	145,712	127,348
Czech Republic	95,585	78,180
Other	301,439	242,635
	1,682,131	1,154,887

e) Earnings per share

Basic earnings per share are obtained by dividing the profit attributable to the parent company by the weighted average number of ordinary shares outstanding during the year, with earnings per share of €0.73 in 2022 (€1.40 in 2021).

	2022	2021
Profit/(loss)		
Profit/(loss) attributed to the Parent	315,182	580,135
Outstanding shares		
Weighted average shares	429,496,657	414,184,156
Earnings per share (in euros)	0.73	1.40

As at 31 December 2022 the Group has not issued any kind of instruments that can be converted to shares, so the diluted earnings per share coincide with the basic earnings per share.

II. Non-controlling interests

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

The breakdown of the balance of non-controlling interests of the main companies at the close of 2022 and 2021 is as follows:

	Equity		Results	Total
	Capital	Reserves		
2022				
FCyC Group	11,132	821,788	48,457	881,377
FCC Aqualia Group	71,050	400,939	87,348	559,337
Green Recovery Group	5	58,927	18,129	77,061
Cementos Portland Valderrivas Group	1,162	14,972	(1,009)	15,125
Other	11,898	(3,510)	9,823	18,211
	95,247	1,293,116	162,748	1,551,111
	Equity			
	Capital	Reserves	Results	Total
2021				
FCyC Group (note 4)	11,132	835,054	14,455	860,641
FCC Aqualia Group	71,050	331,065	69,988	472,103
Green Recovery Group	5	75,699	(1,972)	73,732
Cementos Portland Valderrivas Group	1,196	15,824	1,100	18,120
Other	6,197	(10,796)	13,574	8,975
	89,580	1,246,846	97,145	1,433,571

18. NON-CURRENT AND CURRENT PROVISIONS

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

	2022	2021
Non-current	1,141,750	1,167,340
Liabilities for long-term employee benefits	15,588	16,831
Dismantling, removal and restoration of fixed assets	108,804	110,001
Environmental actions	312,794	290,115
Litigation	53,906	67,705
Contractual and legal guarantees and obligations	77,191	82,613
Actions to improve or expand the capacity of concessions	268,179	246,983
Other provisions for risks and expenses	305,288	353,092
Current	148,074	147,874
Close-outs and losses on construction contracts	125,075	128,271
Other provisions	22,999	19,603

The changes in the provisions heading in 2022 and 2021 were as follows:

	Non-current provisions	Current provisions
Balance at 31/12/2020	1,064,384	195,152
Asset withdrawal or dismantling expenses	15,117	-
Change of obligations for employee benefits for actuarial profits and losses	(7,851)	-
Actions to improve or expand the capacity of concessions	85,509	-
Endowments/(Reversals)	103,170	(43,617)
Applications (payments)	(130,728)	(10,448)
Change of scope, conversion differences and other movements	37,739	6,787
Balance at 31/12/2021	1,167,340	147,874
Asset withdrawal or dismantling expenses	14,213	-
Change of obligations for employee benefits for actuarial profits and losses	(3,854)	-
Actions to improve or expand the capacity of concessions	45,387	-
Endowments/(Reversals)	34,366	3,575
Applications (payments)	(127,505)	(7,012)
Change of scope, conversion differences and other movements	11,803	3,637
Balance at 31/12/2022	1,141,750	148,074

The item "Provisions (reversals)" includes provisions for environmental measures amounting to 52,392 thousand (37,422 thousand euros at 31 December 2021), and also provisions for future replacement or major repairs to concessions amounting to 10,636 thousand euros (15,270 thousand euros at 31 December 2021). It also includes the reversal of provisions for litigation in relation to Construction activity works for the sum of 3,194 thousand euros (allocation of 29,724 thousand euros as at December 2021), as well as 16,492 thousand euros for the reversal of provisions for liabilities in the Water activity (1,961 thousand euros as at December 2021). Furthermore, 2022 includes the reversal of 17,889 thousand euros set aside for the 2015-2017 tax inspection certificate (note 23).

The item "Applications (payments)" includes €13,098 thousand (€38,946 thousand at 31 December 2021) for the application of provisions for risks and expenses related to construction work in the Construction business. Also included are payments of 22,018 thousand euros (22,369 thousand euros at 31 December 2021), and 16,576 thousand euros (11,819 thousand euros at 31 December 2021) for environmental actions, and for replacement and major repair actions on concessions, respectively. The above movements have an impact on the heading "Other adjustments to profit/(loss) (net) in the consolidated cash flow statement. Additionally, €35,697 thousand (€19,767 thousand at 31 December 2021) and €11,201 thousand (€9,690 thousand at 31 December 2021) are included for actions to improve or expand capabilities in concessions, and provisions for decommissioning and retirement of fixed assets, respectively. These amounts have an impact on the consolidated statement of cash flows under "Payments for investment in property, plant and equipment, intangible assets and investment property".

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

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

The schedule of expected payments at 31 December 2022, as a result of the obligations covered by non-current provisions, is as follows:

	Up to 5 years	Beyond 5 years	Total
Liabilities for long-term employee benefits	5,433	10,155	15,588
Dismantling, removal and restoration of fixed assets	71,948	36,856	108,804
Environmental actions	60,502	252,292	312,794
Litigation	44,128	9,778	53,906
Contractual and legal guarantees and obligations	54,351	22,840	77,191
Actions to improve or expand the capacity of concessions	131,467	136,712	268,179
Other provisions for risks and expenses	168,083	137,205	305,288
	535,912	605,838	1,141,750

Liabilities for long-term employee benefits

The non-current provisions of the accompanying consolidated balance sheet include those that cover the commitments of the Group companies in matters of pensions and similar obligations, such as medical and life insurance, as indicated in note 24.

Dismantling, removal and restoration of fixed and non-current assets

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

Actions to improve or expand the capacity in concessions

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

Environmental actions

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

The Management of the FCC Group considers that the contingencies relating to the protection and improvement of the environment at 31 December 2022, would not have a significant impact on the accompanying consolidated financial statements, which include provisions to cover the probable environmental risks that may arise.

Note 28 to these notes to the consolidated financial statements, which is devoted to information on the environment, complements the foregoing in relation to environmental provisions.

Provisions for litigation

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

Contractual and legal guarantees and obligations

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

Provision for settlement and loss of works

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

Other provisions for risks and expenses

This heading includes the concepts not included in the previous accounts.

The amount of Other provisions for risks and expenses covers various risks arising from the Group's activity, which in the normal course of business is exposed to claims mainly due to construction defects or discrepancies in services rendered amounting to €132,145 thousand (€164,238 thousand at December 2021), and also to tax and fiscal claims amounting to €15,000 thousand (€29,641 thousand at December 2021). Part of these risks are covered by insurance contracts and the corresponding provision is provided for uninsured amounts.

This item also includes provisions related to Alpine for the sum of €18,667 thousand.

It also includes provisions resulting from recognising additional losses above the initial value of the investment in associates after incurring legal or constructive obligations in relation to the investment in the associate, amounting to €45,591 thousand (December 2021: €37,788 thousand), the remaining provisions being of lesser significance and related to the normal operation of the Group.

In relation to the winding up of the Alpine Group, 2022 saw no significant changes in terms of the amount reported in the Group's 2021 Financial Statements.

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

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

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

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

During the refinancing of the Alpine Group between October 2012 and June 2013, FCC Construcción, S.A. provided corporate guarantees to enable AB and a selection of its operating subsidiary companies to bid for and/or be awarded construction work. As at 31 December 2022, the provision for this item amounted to 18,667 thousand euros.

Between the bankruptcy of AH and AB and the date on which these financial statements were issued, a number of proceedings were instigated against the Group and directors of AH and AB. At 31 December 2022, and as far as FCC could be directly or indirectly affected, two commercial proceedings and one labour proceeding are still in progress:

- In April 2015, the bankruptcy administrator of Alpine Holding GmbH filed a claim for 186 million euros against FCC Construcción, S.A. and other ex-executive of AB, considering that these parties should compensate Alpine Holding GmbH for the amounts collected through two bond issues in 2011 and 2012 that were allegedly provided by this company for its subsidiary, Alpine Bau GmbH, without the necessary guarantees and complying with a “mandate-order” from FCC Construcción S.A. On 31 July 2018, the ruling dismissing the claim was handed down and the claimant ordered to pay the costs. Having filed appeals and cassation appeals for procedural infringement, in April 2020, the Austrian Supreme Court declared the need to return the Orders to the Court of Instance so that the testimonial evidence could be practised in person before the Judge of First Instance. Such testimonial statements took place in June 2021 and, in light of the mandate contained in the Supreme Court Judgment, the judge has yet to decide whether to consider the procedure closed or whether to agree to the practice of the expert evidence requested by the bankruptcy trustee AH.
- In April 2017, a Group company, Asesoría Financiera y de Gestión S.A. was notified of a suit in which an AB bankruptcy administrator made a joint and several claim against the former finance director of Alpine Bau GmbH and against Asesoría Financiera y de Gestión S.A. for the payment of 19 million euros for the alleged violation of corporate and bankruptcy law, considering that Alpine Bau GmbH, on making a deposit at Asesoría Financiera y de Gestión S.A., allegedly made payments charged against equity, considered to be a capital refund, and therefore prohibited by law. The proceedings are still at the evidentiary phase, the court expert having issued his report according to which the deposit and the factoring transactions between subsidiary companies of AB and Asesoría Financiera y de Gestión S.A. would not have caused any loss to AB. Given the multiplicity of allegations made by the bankruptcy administrator, the judge is weighing the request for a complementary expert report.
- Also in April 2017, a former FCC employee and former executive at AH and AB was notified of a claim filed by the insolvency administrator of Alpine Bau GmbH in the Social Claims Court for 72 million euros. The claimant argues that this amount represents the damage to the bankruptcy estate caused by the alleged delay in initiating insolvency proceedings. In the event that the insolvency administrator's claim is successful and a final judgement is handed down, the subsidiary liability of the FCC Group could be raised in a remote case due to the explanation contained in note 25 on contingent liabilities.

In terms of these disputes, the FCC Group and its legal advisors do not consider it very probable there will be any future outflows of cash prior to the issuance of these financial statements; therefore, no provisions have been set aside, as the Group believes that they represent contingent liabilities (note 25).

19. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

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

Whenever the financial operation so requires, and following a hedging criterion for economic and accounting purposes, the Group contracts interest rate risk hedging operations according to the type and structuring of each operation (Note 22).

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

a) Non-current and current obligations and loans

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

	Non-current	Current	Total
2022			
FCC Aqualia, S.A.	650,009	9,691	659,700
FCC Servicios Medio Ambiente Holding, S.A.U.	498,361	733,795	1,232,156
Fomento de Construcciones y Contratas, S.A.	-	23,200	23,200
Green Recovery Group	119,214	6,477	125,691
	1,267,584	773,163	2,040,747
2021			
FCC Aqualia, S.A.	650,598	714,925	1,365,523
FCC Servicios Medio Ambiente Holding, S.A.U.	1,096,168	181,600	1,277,768
Severomoravské Vodovody a Kanalizace Ostrava, A.S.	-	219,605	219,605
Fomento de Construcciones y Contratas, S.A.	-	30,000	30,000
Green Recovery Group	132,038	6,609	138,647
	1,878,804	1,152,739	3,031,543

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

- On 8 June 2017, FCC Aqualia, S.A. successfully completed two simple bond issues. One for 700 million euros, with an annual remuneration of 1,413% and due in 2022, and the second for 650 million euros, with an annual remuneration of 2,629% and due in 2027.

The bond maturing on 8 June 2022 for the sum of €700 million was repaid early on 19 April 2022 as part of the refinancing process of FCC Aqualia, S.A. undertaken in 2022, as explained later in this note.

The outstanding issue is subject to the following guarantees:

- Pledge on 100% of the shares of Tratamiento Industrial de Aguas, S.A., Conservación y Sistemas, S.A., Sociedad Española de Aguas Filtradas, S.A., Depurplan 11, S.A. and Aigues de Vallirana, S.A. Unipersonal, and 97% of the shares of Entemanser, SA.
- Pledge on 100% of the shareholdings of Infraestructura y Distribución General del Agua, S.L., Empresa Gestora de Aguas Linenses, S.L., Aguas de las Galeras, S.L., Hidrotec Tecnología del Agua, S.L. and on 51% of Aqualia Czech, S.L.
- Pledge on 99.56% of the shares of Acque di Caltanissetta S.p.A. and on 100% of the shares of Aqualia Mexico, S.A. de C.V.
- Pledge on the collection rights over certain accounts.

The issuance and circulation of both bonds took place on 8 June 2017, being admitted to trading in the unregulated market (Global Exchange Market) of the Irish Stock Exchange, and with an investment grade rating from the Fitch and S&P rating agencies. These ratings were ratified by Fitch on 10 March 2022 as BBB and by S&P on 20 January 2022 as BBB⁻.

The balance at 31 December 2022 shown for this item amounts to €659,700 thousand (€1,365,523 thousand in 2021), including €9,691 thousand for accrued and unpaid interest (€15,301 thousand in 2021).

As at 31 December 2022, the 600 million euro bond was listed at 91,259%.

- On 4 December 2019, FCC Servicios Medioambiente Holding S.A.U., successfully completed two simple bond issues. One in the amount of €600 million with an annual remuneration of 0,815% and maturing in 2023, which is why it was reclassified as current in 2022, and the second in the amount of €500 million with an annual remuneration of 1,661% and maturing in 2026.

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

Since their issuance, these bonds have been admitted to trading in the unregulated market (Global Exchange Market) of the Irish Stock Exchange, with an investment grade rating from the Fitch rating agency. This rating was ratified on 1 December 2022, with a stable outlook (BBB⁻), together with that of the bond's issuer, the parent company, FCC Servicios Medio Ambiente Holding.

Both issues have an opinion by an independent institution, CICERO Shades of Green, stating that the governance procedures of the Company were rated as "Good" and the Bond issues were rated as "Light Green" issues. On the second anniversary of the issuance, November 2021, the certification body DNV GL confirmed that more than 93% of the total funds raised were already applied to eligible and environmentally sustainable projects in line with the requirements of these issues.

The balance at 31 December 2022 shown for this item amounts to €1,098,656 thousand (€1,097,267 thousand in 2021), including €1,210 thousand for accrued and unpaid interest (€1,100 thousand in 2021).

At 31 December 2022, the 600 million euro bond was listed at 97,155% and the 500 million euros bond was listed at 88,493%.

Likewise, in July 2020 FCC Servicios Medioambiente Holding S.A.U. registered a promissory note programme (Euro Commercial Paper Programme [ECP]), renewed annually, on the Irish stock market (Euronext Dublin) in the amount of 400 million euros, at a fixed interest rate and maximum maturity one year, which allows issuance with maturities of between 1 and 364 days from the date of issue, in order to meet the financial needs of the area.

At 31 December 2022 the outstanding amount was €133,500 thousand distributed with an average maturity of 6.2 months (€180,500 thousand at 31 December 2021).

- Since November 2018, Fomento de Construcciones y Contratas, S.A. has had a Euro Commercial Paper Programme (ECP) registered on the Irish stock exchange (Euronext Dublin) for an amount of €600 million at December 2022, at a fixed interest rate and with a maximum maturity of one year, which allows it to issue notes with maturities of between 1 and 364 days from the issue date, in order to meet the financial needs of the Group's parent company.

At 31 December 2022 the outstanding amount was €23,200 thousand (€30,000 thousand at 31 December 2021), maturing in an average of 2.9 months.

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

This bond, maturing on 22 July 2022 was repaid in advance using funds provided by the parent company, Aqualia Czech, on 12 May 2022 as part of the refinancing process performed by FCC Aqualia, S.A. in 2022, as explained later in this note.

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

One of the tranches for 135,000 thousand pounds with a fixed rate of 3.98% and the other tranche for 10,000 thousand pounds with a fixed rate of 4,145%, both due on 17 June 2038. 5,223 thousand pounds were repaid in 2022.

The guarantees of this issue are detailed in section b).2. of this note.

The balance at 31 December 2022 shown for this item amounts to 125,691 thousand euros (138,647 thousand euros in 2021).

b) Non-current and current bank borrowings

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

	Non-current	Current	Total
2022			
Credits and loans	-	155,837	155,837
Debts without recourse to the parent	2,086,488	122,714	2,209,202
Debts with limited recourse for project financing:	385,330	27,980	413,310
FCC Medio Ambiente Reino Unido, S.A.U.	162,817	10,253	173,070
Sociedad Concesionaria Tranvía de Murcia, S.A.	101,661	3,237	104,898
Aquajerez, S.L.	44,065	5,006	49,071
Other	76,787	9,484	86,271
	2,471,818	306,531	2,778,349
2021			
Credits and loans	-	200,322	200,322
Debts without recourse to the parent	965,765	230,871	1,196,636
Debts with limited recourse for project financing:	318,603	26,996	345,599
FCC Medio Ambiente Reino Unido, S.A.U.	180,659	11,572	192,231
Aquajerez, S.L.	48,574	4,839	53,413
Other	89,370	10,585	99,955
	1,284,368	458,189	1,742,557

The previous table shows three different Debt groups:

1. Credits and loans.

At 31 December 2022, this section mainly includes the financing facilities of FCC, S.A. in the form of credit facilities and bilateral loans signed for an amount of €425 million (€400 million at 31 December 2021) with various financial institutions. At 31 December 2022, the balance drawn down from these loans was €154.6 million (€200 million at 31 December 2021).

2. Debts without recourse to the parent.

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

- The Real Estate area includes the debt of the Realia group and Jezzine Uno S.L.U. for the sums of €491.6 and €316 million euros respectively.

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

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

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

In addition, the aforementioned company entered into an interest rate swap agreement (IRS) for 70% of the outstanding balance of the loan to reduce the risk of interest rate fluctuations and their impact on cash flows associated with the hedged financing (note 22).

This financing requires compliance with a series of financial ratios until maturity. At 31 December 2022, the Company is in compliance with the covenants.

At 31 December 2022, the outstanding balance of this loan stood at €453.0 million (€465.2 million at 31 December 2021), with accrued interest amounting to €2.3 million (€1 million as at 31 December 2021).

In turn, Hermanos Revilla, S.A. is consolidated within the Realia group, with the former, as at 31 December 2022 having been granted credit facilities and loans with a limit of €61 million (€68 million in 2021), of which, as was the case in 2021, €46 million have already been drawn down. The maturity of the bilateral loans will occur during 2023 and 2024.

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

At 31 December 2022, the outstanding balance of this loan stood at €316.5 million (€335 million at 31 December 2021), with accrued interest amounting to €0.8 million (€0.8 million as at 31 December 2021).

- In the Water Area, the total value of debt in this section came to €1,101.4 million. Worth particular note is the syndicated loan taken out on 22 June 2022 by FCC Aqualia S.A. as part of the refinancing process undertaken.

The value of the syndicated loan comes to €1.1 billion, maturing in three years and with the possibility of an extension for one further year.

The majority of these funds have been allocated to the repayment of the bond and bond issues maturing in 2022, as reflected in the Debt instruments and other loans section; as well as the early cancellation of the bond that the Georgia Global Utilities Group had on the date of the takeover by FCC Aqualia, S.A. (note 4), for the sum of \$154.6 million.

At 31 December 2022, the loan had been fully drawn down.

- In the Cement area, the total value of debts with credit institutions came to €163.6 million as at 31 December 2022.

This balance is mainly made up of a subordinated financing agreement pertaining to Cementos Portland Valderrivas, S.A. for the original amount of 80 million euros, maturing on 29 January 2023. On 20 October 2022, a new agreement was entered into approving the extension of the loan's maturity to 20 October 2025 and the change of the interest rate from a fixed rate to a variable 6-month Euribor plus a spread market.

At 31 December 2022 and 2021, the outstanding balance of this loan is €70.4 million.

Cementos Portland Valderrivas, S.A. has also arranged two bilateral financing transactions for the sum of €25 million and €50 million, maturing in June 2026 and July 2024 respectively. Both loans are fully drawn down at 31 December 2022 and bear interest at Euribor plus a market spread.

Furthermore, in October and November 2022, two credit facilities were taken out for a total amount of €25 million, of which, at 31 December 2022, €11.3 million had been drawn down.

- The remainder of the debt in this section corresponds to debt from the Services area, mainly pertaining to the US subsidiary FCC Environmental Services LLC, from FCC Medio Ambiente S.A.U., from the FCC Environment CEE subgroup and from other investee companies in Spain.

At 31 December 2022, FCC Medio Ambiente S.A.U. had credit facilities in place for the amount of €130 million, with €48.6 million drawn down as at 31 December 2022 (€115 million remaining as at 31 December 2021).

The FCC Environment CEE Group has arranged €19.7 million in credit facilities, of which €0.6 million had been drawn down as at 31 December 2022 (€0.4 million drawn from the €22.2 million arranged at 31 December 2021).

3. Debts with limited recourse for project financing.

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

- FCC Medio Ambiente Reino Unido. The FCC Environment (UK) Group currently has a revolving credit facility of £30 million undrawn at 31 December 2022 and maturing in December 2023.

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

2.24 million pounds were repaid from commercial tranche in 2022.

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

Additionally, in October 2016 FCC Environment Developments Ltd. signed a £142 million agreement to design, finance, build and operate the Millerhill Recycling and Energy Recovery Centre (RERC), Midlothian, located on the outskirts of Edinburgh. The plant initially had two syndicated loans, a 75.71 million pound loan maturing in August 2042 and a 36.9 million pound loan maturing in May 2020. The margins on the loan maturing in 2042 range from 3% to 3.5%. Write-downs during 2022 amounting to £2.6 million have been made. At the end of 2022 the outstanding debt to be repaid is 67.6 million pounds sterling.

As a result of the foregoing, at 31 December 2022, of the total bank borrowings of FCC Medio Ambiente Reino Unido, S.L.U., relate to FCC Energy Ltd. and €54.1 million (€59.7 million at 31 December 2021) relate to FCC E&M&M (Edimburgo), participada de la sociedad FCC Environment Developments Ltd., 75.4 millones de euros (82.6 millones a 31 de diciembre de 2021); (Edinburgh), an investee of FCC Environment Developments Ltd.,; the remaining debt with limited recourse for project financing, up to a total amount of €173.1 million, corresponds to the debt of other companies that make up the FCC Group in the United Kingdom.

- Sociedad Concesionaria Tranvía de Murcia, S.A. As explained in note 4, during 2022, the FCC Group assumed control of this company, incorporating €104,898 thousand of debt with credit institutions as at 31 December 2022.

This financing corresponds to a syndicated loan arranged in February 2018, with six-monthly repayments maturing on 30 June 2037.

- The financing of Aquajerez, S.L. was signed in 2016 and amounted to €40 million, for a term of 15 years with half-yearly repayments from January 2017. During 2019, FCC Aqualia, S.A., which already held 51% of this company, acquired the remaining 49% and proceeded to extend the initial loan to €65 million. At 31 December 2022 the amount of this debt is €49.1 million (53.4 million in 2021).
- "Rest of Debts with limited recourse for project financing" includes companies with project financing from the Water areas: Aquos El Realito, SA de CV with €41.0 million and Servicios Medioambientales, Gipuzkoa Ingurumena Bi, S.A. with €22.3 million.

As at 31 December 2022 there have been no breaches of financial ratios associated with project financing debts, and they are not expected to be defaulted during 2023.

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

The breakdown of the debts with credit institutions by currency and amounts available at 31 December 2022 and 2021 is as follows:

	Euros	US dollars	Pounds Sterling	Other	Total
2022					
Credits and loans	155,837	-	-	-	155,837
Debt without recourse to the parent	2,125,463	70,317	-	13,422	2,209,202
Debts with limited recourse for project financing	187,721	-	173,070	52,519	413,310
	2,469,021	70,317	173,070	65,941	2,778,349
2021					
Credits and loans	200,076	246	-	-	200,322
Debt without recourse to the parent	1,191,109	-	-	5,527	1,196,636
Debts with limited recourse for project financing	91,472	-	192,231	61,896	345,599
	1,482,657	246	192,231	67,423	1,742,557

The credits and loans in US dollars finance assets in the Services Area; those contracted in pounds sterling correspond to the financing of assets of FCC Environment UK; and those in Other currencies, in 2022, correspond to the financing of Aquos El Realito, S.A. de C.V. in Mexican pesos amounting to €41,047 thousand and Qatarat Saquia Desalination in Saudi riyals for the sum of €11,472 thousand.

c) Other non-current financial liabilities

	2022	2021
Non-current		
Lease debt (Note 9)	346,425	367,981
Third party financial debts outside the group	96,418	99,940
Derivative financial liabilities (Note 22)	1,446	19,640
Deposits and guarantees received	68,788	65,082
Other concepts	18,803	17,182
	531,880	569,825

"Third party financial debts outside the group" includes the put option on the non-controlling interest in the GGU Group for the sum of €54,269 thousand (note 4).

"Derivative financial liabilities" mainly include financial derivatives for risk hedging, mainly interest rate swaps (note 22).

d) Other current financial liabilities

	2022	2021
Current		
Lease debt (Note 9)	78,970	64,870
Interim dividend payable	7,496	8,182
Third party financial debts outside the group	25,660	23,740
Suppliers of fixed and non-current assets and bills payable	79,697	50,817
Debts with associated companies and joint ventures	6,049	5,274
Derivative financial liabilities (Note 22)	15	2,386
Deposits and guarantees received	55,004	53,845
Other concepts	540	134
	253,431	209,248

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

e) Schedule of expected due dates

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

	2024	2025	2026	2027	2028 and beyond	Total
2022						
Debt instruments and other marketable securities	6,768	7,270	505,367	657,831	90,348	1,267,584
Non-current bank borrowings	174,546	1,639,898	318,139	41,459	297,776	2,471,818
Other financial liabilities	76,837	96,771	30,086	34,150	294,036	531,880
	258,151	1,743,939	853,592	733,440	682,160	4,271,282

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

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

	Balance at 1 January 2022	Cash flows from financing activities	Without an impact on cash flows				Balance at 31 December 2022
			Exchange differences	Change in fair value	Change in the perimeter and changes in consolidation method	Other changes	
Non-current	3,732,997	847,926	(13,554)	(21,333)	253,977	(528,731)	4,271,282
Debt instruments and other marketable securities	1,878,804	(159,951)	10,537	-	142,829	(604,635)	1,267,584
Bank borrowings	1,284,368	1,050,791	(6,080)	-	109,690	33,049	2,471,818
Other financial liabilities	569,825	(42,914)	(18,011)	(21,333)	1,458	42,855	531,880
Current	1,820,176	(1,302,515)	3,569	(536)	11,819	800,612	1,333,125
Debt instruments and other marketable securities	1,152,739	(1,038,597)	2,040	-	-	656,981	773,163
Bank borrowings	458,189	(181,290)	(556)	-	8,183	22,005	306,531
Other financial liabilities	209,248	(82,628)	2,085	(536)	3,636	121,626	253,431

	Balance at 1 January 2021	Cash flows from financing activities	Without an impact on cash flows				Balance at 31 December 2021
			Exchange differences	Change in fair value	Change in the perimeter and changes in consolidation method	Other changes	
Non-current	3,977,288	(113,779)	40,077	(21,148)	836,828	(986,269)	3,732,997
Debt instruments and other marketable securities	2,780,935	1,020	15,417	-	-	(918,568)	1,878,804
Bank borrowings	607,599	(108,135)	16,086	-	811,563	(42,745)	1,284,368
Other financial liabilities	588,754	(6,664)	8,574	(21,148)	25,265	(24,956)	569,825
Current	874,443	(249,389)	14,093	80	26,967	1,153,982	1,820,176
Debt instruments and other marketable securities	449,346	(273,637)	5,686	-	-	971,344	1,152,739
Bank borrowings	212,421	138,355	1,311	-	18,437	87,665	458,189
Other financial liabilities	212,676	(114,106)	7,096	80	8,530	94,972	209,248

In 2022, "Changes in the scope of consolidation and changes in the consolidation method" included the amounts contributed by the GGU Group for €145,318 thousand following its entry into the scope of consolidation in February 2022, although part of the contributed debt has subsequently been repaid (notes 4 and 19), and €107,725 thousand contributed by Sociedad Concesionaria del Tranvía de Murcia, S.A. following its integration under the total consolidation method after the company's takeover in November 2022 (note 4).

In 2021, "Changes in the scope of consolidation and changes in the consolidation method" included the amount contributed by the Realía Business Group for €521,169 thousand as a result of being fully consolidated following its takeover in 2021 and €339,251 thousand contributed by the company Jezzine Uno, S.L.U. as a result of its entry into the scope of consolidation on the same date (note 4) are noteworthy.

20. OTHER NON-CURRENT LIABILITIES

This heading mainly includes performance obligations under the Buckinghamshire plant concession (note 10) arising from the collection of the intangible component in accordance with the conditions set out in the agreement amounting to 112,588 thousand euros at 31 December 2022 (122,790 thousand euros at 31 December 2021).

21. TRADE AND OTHER ACCOUNTS PAYABLE

The breakdown of the "Trade and other accounts payable" heading in the liability side of the balance sheet as at 31 December 2022 and 2021 is as follows:

	2022	2021
Suppliers	1,232,393	1,072,129
Current tax liabilities (Note 23)	23,610	28,158
Other payables to Public Administrations (Note 23)	353,372	322,006
Customer advances (Note 15)	647,029	357,807
Remuneration payable	84,485	76,518
Other payables	474,845	410,884
	2,815,734	2,267,502

With regard to the Spanish Institute of Accounting and Accounts Auditing (ICAC) Resolution of 29 January 2016, issued in compliance with the mandate of the Second Additional Provision of Law 31/2014, of 3 December, which amends the Third Additional Provision of Law 15/2010, of 5 July, establishing measures to combat late payment in commercial transactions, in 2022 the Group operated primarily in Spanish territory with public clients including the central government, regional government, local corporations and other public bodies, which settle their payment obligations in periods exceeding the statutory limit in Public Sector Contract legislation, and in Law 3/2004, of 29 December 2004, establishing measures to combat late payment in commercial transactions.

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

Due to such circumstances and in order to adapt the Group's financial policy to reasonable efficiency levels, the usual payment periods to suppliers were maintained in 2022 in the sectors in which the Group operates.

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

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

The Group has also entered into confirming line and similar contracts with different financial institutions to facilitate early payment to suppliers. In accordance with these contracts, a supplier may exercise its collection rights against the Group companies or entities and obtain the invoiced amount, less the financial costs for discount and fees applied by those entities and, in some cases, amounts withheld as guarantee. The total amount of contracted lines amounts to €40,026 thousand at 31 December 2022 (€42,795 thousand at 31 December 2021), with a drawn down balance of €17,909 thousand at 31 December 2022 (€11,999 thousand at 31 December 2021). The above-mentioned contracts do not modify the main payment conditions (interest rate, deadline or amount), so they are classified as commercial liabilities.

In compliance with the aforementioned Resolution, a table is set out below with information on the average payment period to suppliers for companies located in Spain, for those commercial operations accrued from the date of entry into force of the aforementioned Law 31/2014, i.e. 24 December 2014.

Additionally, Article 9, Chapter IV of Law 18/2022 of 28 September, on the creation and growth of companies, introduces the obligation to report the following indicators: monetary volume and number of invoices paid in a period less than the maximum established in the late-payment regulations and the percentage that these represent from the total number of invoices and the total monetary value of payments to suppliers.

	2022	2021
	Days	Days
Average payment period to suppliers	84	96
Ratio of paid operations/transactions	84	92
Ratio of operations/transactions pending payment	86	108

	Amount	Amount
Total payments pending	448,829	486,798

	Amount	Amount
Total payments made	2,176,218	1,788,644
Total payments made in a period less than the maximum established in the late-payment regulations	815,302	579,471
Ratio (%)	37	32

	Number	Number
Total number of invoices paid during the period	618,224	616,860
Number of invoices paid in a period less than the maximum established in the late-payment regulations	212,744	213,374
Ratio (%)	34	35

The Group is taking the appropriate measures to reduce the average payment period, improving the payment conditions offered to its suppliers and taking action in relation to internal approval processes that may delay the payment of amounts due.

22. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

Euribor-linked financial instruments are not exposed to uncertainty at 31 December 2022.

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

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

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

At 31 December 2022 the FCC Group has contracted hedging transactions with derivative instruments in its fully consolidated companies for an aggregate notional amount of €645,059 thousand (€697,981 thousand at 31 December 2021), mainly in the form of interest rate swaps (IRS), where Group companies buy fixed rates and sell floating rates.

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

	Derived type	Hedging type	% hedge	Notional 31.12.22	Notional 31.12.21	Appreciation at 31.12.22	Appreciation at 31.12.21	Due date
Companies fully consolidated								
FCC Medio Ambiente S.A.U.	IRS	EF	57%	6,083	7,164	(11)	(468)	02/04/2024
	IRS	EF	22%	3,205	3,340	91	(40)	02/04/2024
	Option	EF	57%	6,083	7,164	-	55	02/04/2024
RE3 Ltd.	IRS	EF	82%	15,687	18,439	(204)	(2,751)	30/09/2029
FCC Energy Ltd.	IRS	EF	100%	8,914	9,838	1,450	(499)	17/06/2038
	IRS	EF	100%	55,680	61,431	9,046	(3,190)	17/06/2038
FCC Wrexham PFI Ltd.	IRS	EF	95%	15,429	17,265	(658)	(3,855)	30/09/2032
FCC Wrexham PFI (Phase II) Ltd.	IRS	EF	50%	6,263	7,173	473	(550)	30/09/2032
	IRS	EF	50%	6,263	7,173	469	(553)	30/09/2032
FCC (E&M) Ltd.	IRS	EF	50%	38,449	42,125	8,356	(1,312)	06/05/2042
	IRS	EF	50%	38,449	42,125	8,282	(1,389)	06/05/2042
Integraciones Ambientales de Cantabria, S.A.	IRS	EF	75%	-	1,575	-	(36)	31/12/2022
Aquajerez	IRS	EF	70%	19,340	21,083	1,905	(541)	15/07/2031
	IRS	EF	30%	15,243	16,684	1,771	(87)	15/07/2031
Gipuzkoa Ingurumena	IRS	EF	38%	8,493	8,946	974	(560)	30/06/2034
	IRS	EF	38%	8,493	8,946	1,012	(551)	30/06/2034
Qatarat	IRS	EF	100%	8,448	10,219	(419)	(454)	07/06/2026
	IRS	EF	100%	2,753	3,886	(165)	(96)	28/11/2024
Aquos El Realito S.A. de C.V	IRS	EF	100%	33,576	32,458	988	(420)	22/01/2025
Realia	IRS	EF	21%	102,234	106,905	3,423	(1,401)	27/04/2024
	IRS	EF	21%	102,234	106,905	3,423	(1,401)	27/04/2024
	IRS	EF	13%	61,374	64,178	2,057	(841)	27/04/2024
	IRS	EF	9%	45,047	47,105	1,499	(619)	27/04/2024
	IRS	EF	6%	30,059	31,432	1,008	(412)	27/04/2024
Total FCC Environment CEE GMBH	FX	EF	100%	7,260	14,422	99	125	22/11/2023
Total full consolidation				645,059	697,981	44,869	(21,846)	

It also shows the maturities of the notional amount for the hedging operations entered into as at 31 December 2022 and broken down in the previous table:

	2023	2024	2025	2026	2027 and beyond
Companies fully consolidated	59,351	360,265	43,822	16,576	165,045

At 31 December 2022, the total notional amount of hedges of companies consolidated using the equity method came to €61,862 thousand (31 December 2021: €40,506 thousand) and their fair value is €32,542 thousand (€2,842 thousand at 31 December 2021).

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

	Balance at 1 January 2022	Profit/(loss) from valuation of reserves	Profit/(loss) from valuation of results	Transfers to the income statement	Inefficiency of the hedging	Other changes	Balance at 31 December 2022
2022							
Hedging	(21,846)	60,182	-	4,148	-	2,385	44,869
Speculative	-	-	-	-	-	-	-
	Balance at 1 January 2021	Profit/(loss) from valuation of reserves	Profit/(loss) from valuation of results	Transfers to the income statement	Inefficiency of the hedging	Other changes	Balance at 31 December 2021
2021							
Hedging	(38,192)	28,841	-	(5,755)	-	(6,740)	(21,846)
Speculative	(208)	-	622	-	-	(414)	-

23. TAX MATTERS

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

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

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

During 2022, the tax authorities completed the corporate income tax audits of the tax group headed by FCC, S.A., business year 2015 to 2017, the VAT corresponding to the period from June 2016 to December 2017 of FCC, S.A., FCC Construcción, FCC Aqualia, FCC Industrial e Infraestructuras Energéticas and Cementos Portland Valderrivas, and also the withholdings/receipts on account for employment income and professional income corresponding to the period from June 2016 to December 2017 for FCC, S.A., FCC Construcción and FCC Aqualia, and for the period from January to December 2017 for Cementos Portland Valderrivas. The Tax Administration issued several certifications in relation to Corporate Income Tax, VAT and withholdings/payments on account for work income, for a range of interpretative issues, which have been partly appealed before the economic-administrative courts. The value of the tax debts in question has not had a significant impact on the income statement or on the equity of the Group.

a) Deferred tax assets and liabilities

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

Specifically, the FCC Group has recognised deferred tax assets corresponding to tax loss carryforwards and deductions pending application, as it considers that there are no doubts as to their recoverability, amounting to €449,009 thousand (€418,642 thousand at 31 December 2021).

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

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

The estimated accounting profit for the year for the tax group headed by Fomento de Construcciones y Contratas, S.A. is based on the Strategic Plan prepared by the Group for the period 2023-2025. Turnover growth of 7.7% in 2023, 6.3% in 2024 and 4.1% in 2025 is assumed. In turn, the projected Ebitda margin is 13% for 2023 and 2024 and 13.5% for 2025. During subsequent periods, vegetative growth is projected at the level of pre-tax profit equal to 2%. For the tax group headed by FCC Aqualia, S.A., a vegetative growth of 2% has been applied to the profit before tax for 2022. In the case of the tax group headed by Realia, the taxable income is estimated on the basis of the projected accounting profit up to 2037 adjusted by those temporary and permanent differences that are expected to reverse in each year.

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

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

The Group, pursuant to the provisions of IAS 12 "Corporation Tax", has offset the deferred tax assets and liabilities corresponding to the entities, which, in line with the applicable tax legislation, have the legal right to offset these assets and liabilities and will be settled for their net amount based on the corresponding time frames. At 31 December 2022, deferred tax assets and liabilities were offset in the amount of 297,428 thousand euros (224,506 thousand euros at 31 December 2021).

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

ASSETS	2022				2021			
	Tax Group Spain	Realia Tax Group	Other	TOTAL	Tax Group Spain	Realia Tax Group	Other	TOTAL
Provisions and impairments	102,049	5,859	44,997	152,905	106,844	4,709	43,071	154,624
Tax loss carryforwards	360,343	65,682	22,984	449,009	329,197	72,619	16,826	418,642
Non-deductible financial expense	6,844	26,746	-	33,590	6,141	29,926	4,623	40,690
Pension plans	746	-	1,025	1,771	818	-	917	1,735
Amortisation/depreciation differences	10,164	474	12,263	22,901	11,058	548	13,668	25,274
Other	104,194	564	32,034	136,792	110,739	1,384	30,648	142,771
Total	584,340	99,325	113,303	796,968	564,797	109,186	109,753	783,736

LIABILITIES	2022				2021			
	Tax Group Spain	Realia Tax Group	Other	TOTAL	Tax Group Spain	Realia Tax Group	Other	TOTAL
Fair value assets from allocation of acquisition differences (IFRS 3)	52,263	8,017	84,217	144,497	53,513	12,604	78,046	144,163
Investment property at fair value (IAS 40)	63,339	172,210	-	235,549	-	79,213	145,336	224,549
Accelerated amortisation/depreciation	1,636	4,408	115,678	121,722	2,288	-	108,266	110,554
Profit/(loss) of Joint Ventures	15,004	-	2,251	17,255	13,091	-	4,217	17,308
Tax impairment of goodwill	-	-	-	-	2	-	-	2
Finance leases	4,288	-	2,371	6,659	5,270	-	2,503	7,773
Other	30,293	5,066	18,364	53,723	18,935	1,770	21,670	42,375
Total	166,823	189,701	222,881	579,405	93,099	93,587	360,038	546,724

Below are the expected maturity dates of the deferred taxes:

	2023	2024	2025	2026	2027 and beyond	Total
Assets	85,980	56,934	37,984	66,139	549,931	796,968
Liabilities	57,513	26,140	26,140	26,140	443,472	579,405

The Group has tax credits corresponding to negative tax bases (NTBs), mainly abroad, which have not been activated in the financial statements on the basis of a prudent criterion, for the amount of 194 million euros. The estimated maturity of non-activated NTBs is shown below:

Maturity time frame	Tax credits (millions of euros)
From 2023 to 2027	45.6
From 2028 to 2032	12.7
From 2033 onwards	4.3
No maturity	131.4
	194.0

Furthermore, as at 31 December 2022, the Group has non-capitalised tax credits corresponding to tax deductions credited and pending application for the total sum of €12.7 million (€20.4 million at 31 December 2021).

b) Public administrations

The breakdown at 31 December 2022 and 2021 of the current assets and liabilities included under the “Public administrations” heading is as follows:

Current assets

	2022	2021
Value Added Tax receivable (Note 15)	103,972	88,648
Current tax	86,518	174,355
Other tax items (Note 15)	63,762	61,581
	254,252	324,584

Current liabilities

	2022	2021
Value Added Tax payable (Note 21)	118,431	83,175
Current tax (Note 21)	23,610	28,158
Social Security payable and other tax items (note 21)	234,941	238,831
Deferrals	84	84
	377,066	350,248

c) Corporate income tax expense

The corporation tax expense incurred in the year amounted to 72,723 thousand euros (130,180 thousand euros in 2021), as detailed in the accompanying consolidated income statement. Below is the reconciliation between expense and accrued tax payment:

	2022		2021			
Consolidated accounting profit for the year before taxes from continuing activities		550,653				807,460
	<u>Additions</u>	<u>Reductions</u>		<u>Additions</u>	<u>Reductions</u>	
Permanent differences	255,457	(151,663)	103,794	167,434	(497,846)	(330,412)
Adjusted consolidated accounting profit on continuing activities			654,447			477,048
Temporary differences						
-Arising in the year	106,830	(135,235)	(28,405)	84,601	(97,173)	(12,572)
-Arising in prior years	120,882	(306,627)	(185,745)	145,623	(211,951)	(66,328)
Consolidated tax base of continuing activities (taxable profit)			440,297			398,148

From the previous table, given the magnitude of the amounts, it should be noted that the tax base is the best estimate available at the date of preparing the accounts. The final amount payable will be determined in the tax settlement to be carried out in 2023, so the final settlement may vary as explained in note 3.q) of these notes to the consolidated financial statements.

In 2022, permanent differences, as increases, include the amount of the impairment recorded in the Uniland goodwill (note 6) amounting to €196,288 thousand. Decreases include the profit of companies consolidated using the equity method for the sum of €29,614 thousand, the compensation of tax loss carry forwards and non-deductible financial expenses from previous years not recognised on the balance sheet for the sum of €72,579 thousand. Also worth noting in relation to the decreases of temporary differences is the compensation of non-deductible non-financial expenses capitalised in previous years for the amount of €129,840 thousands and the change in fair value of investment property and their tax amortisation for a total sum of €44,970 thousand (notes 8 and 26).

In 2021, permanent differences include, as decreases, the positive result arising from the business combination whereby control of Realía Business, S.A. is taken over in the amount of €241,701 thousand and also the positive results from the disposals mentioned in note 4. Additionally, as an increase, the amount of the impairment recognised in the goodwill of Uniland (note 6) in the amount of €100,000 thousand is included.

Below is the reconciliation of the expense for corporation tax:

	2022	2021
Adjusted consolidated accounting profit on continuing activities	654,447	477,048
Corporate income tax	(145,967)	(115,308)
Tax credits and tax relief	4,683	1,683
Adjustments for tax rate change	53	(15,599)
Other adjustments	68,508	(956)
Corporate income tax	(72,723)	(130,180)

The value of Other adjustments in 2022 mainly includes the capitalisation of deferred tax assets for the large part in relation to uncapitalised tax credits for tax bases pending compensation and for deductions pending application for the value of €89,609 thousand, which had not previously been recognised and which, this year, were recognised on the balance sheet after determining, as discussed in previous sections, that there are no doubts as to their recovery.

Tax rate change adjustments in 2021 include a negative amount of €14,739 thousand in the UK as a result of the change in tax rate from 19% to 25%.

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

	2022	2021
Current tax	(65,756)	(83,726)
Deferred taxes	(6,967)	(46,454)
Corporate income tax	(72,723)	(130,180)

24. PENSION PLANS AND SIMILAR OBLIGATIONS

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

The company had previously taken out insurance and paid a premium to settle contingencies related to the death, permanent employment disability, retirement bonuses and other items for certain executive directors and officers of Fomento de Construcciones y Contratas, S.A. In 2022 and 2021, no further contributions have been made as premiums and the value of returns came to 3,151 thousand euros in 2022 (zero in 2021) in relation to this insurance (Note 30).

In accordance with article 38.5 of the Bylaws, Fomento de Construcciones y Contratas, S.A. holds a civil liability insurance that covers Directors and Managers. This is a collective policy covering all the Group's executives, and in 2022 a premium of €1,483 thousand was paid over (€1,751 thousand in 2021).

Fomento de Construcciones y Contratas, S.A. has taken out an accident insurance policy for its directors, encompassing both the exercise of their functions and their private life, comprising coverage in the event of death, total and absolute permanent incapacity and severe disability. The premium paid in the year amounts to €5 thousand (the same amount in 2021).

Certain foreign companies belonging to the Group assumed the commitment of supplementing the retirement and other similar commitments of its employees through defined benefit plans. Independent actuarial experts measured the commitments accrued and, where appropriate, the assets used, through generally accepted actuarial methods and techniques included, where appropriate, in the accompanying consolidated balance sheet under the "Non-current provisions" heading within "Non-current employee benefit obligations", in line with the criteria set forth by IFRSs (Note 18).

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

- The companies that form part of the FCC Environment (UK) group, residing in the United Kingdom, contribute to the accompanying consolidated balance sheet at 31 December 2022 the benefits undertaken with their employees, after deducting the assets used to meet these benefits. The actuarial value of the accrued obligations comes to €40,876 thousand (€70,353 thousand at 31 December 2021), while the fair value of the affected assets stands at €45,678 thousand (€73,815 thousand at 31 December 2021). The net difference represents an asset balance of €4,802 thousand euros (€3,462 thousand euros at 31 December 2021), which is not recognised in the accompanying consolidated balance sheet as the company is not entitled to repayments or reductions in future contributions. The "Staff expenses" heading of the accompanying consolidated income statement includes a cost of 336 thousand euros (470 thousand euros as at 31 December 2021) for the net difference between the cost of services and returns on assets affected by the plan. The average actuarial rate used was 4.95% (1.8% in 2021).

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

2022:

Actual performance of the current value of the obligation

	FCC Environment Group (UK)
Balances of obligations at the beginning of the year	70,353
Cost of services for the current year	221
Interest costs	1,183
Contributions of the participants	18
Actuarial profits/losses	(25,343)
Exchange differences	(3,701)
Benefits paid during the year	(1,855)
Cost of past services	-
Settlements	-
Balance obligations at end of year	40,876

Actual performance of the fair value of affected assets

	FCC Environment Group (UK)
Affected active balances at the beginning of the year	73,815
Expected return on assets	1,221
Actuarial profits/losses	(25,976)
Exchange differences	(3,883)
Contributions made by the employer	2,491
Contributions made by the participant	18
Benefits paid	(2,008)
Settlements	-
Balance of affected assets at the end of the year	45,678

Reconciliation of the actual performance of the obligation less the affected assets

	FCC Environment Group (UK)
Net balance obligations less affected assets at the end of the year	(4,802)

2021:

Actual performance of the current value of the obligation

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

Actual performance of the fair value of affected assets

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

Reconciliation of the actual performance of the obligation less the affected assets

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

25. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2022, the Group incurred contingent liabilities, mainly guarantees to third parties, mostly before public bodies and private clients, to secure the correct performance of the urban sanitation works and contracts, for 4,697,135 thousand euros (3,952,987 thousand euros at 31 December 2021).

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

Fomento de Construcciones y Contratas, S.A. and the Group's subsidiaries are defendants in litigation concerning liability for different activities carried out by the Group in the performance of contracts awarded and for which provisions have been set aside (Note 18). These lawsuits, which in number may be significant, are for insignificant amounts when considered on a one-by-one basis. Therefore, given proven experience and existing provisions, the resulting liabilities would not significantly affect the Group's assets.

In relation to the main contingent liabilities arising from the Alpine subgroup's bankruptcy proceedings, it should be noted that the possible financial effects would be the cash outflow of the amount indicated in the respective lawsuits detailed in note 18 of these notes to the consolidated financial statements, plus interest and costs, if any.

On 15 January 2015, the Competition Chamber of the National Markets and Competition Commission issued a decision on file S/0429/12, for an alleged violation of Article 1 of Law 15/2007 on the Defence of Competition. This ruling affects various companies and associations in the waste sector, including FCC and other companies that also belong to FCC Group. The Group has filed an administrative appeal before the Spanish National Appellate Court. At the end of January 2018, notification was received of the decisions handed down by the Spanish National Appellate Court, upholding the administrative appeals filed by Gestión y Valorización Integral del Centro S.L. and BETEARTE, both FCC Group investees, against the CNMV ruling imposing various penalties for alleged collusive practices. In both decisions, the argument put forward by these companies that no single, on-going breach existed was upheld. In April 2018, we were notified of the agreement initiating new legal proceedings for the same conduct investigated in the previous proceedings forming the scope of the upholding decision, commencing an 18-month examining period. In July 2019, the proposal for resolution was issued in relation to various FCC Group companies. In September 2019, an agreement was issued suspending these legal proceedings until the National Court's decision on appeals filed by other companies that had been penalised.

As a result of an internal investigation in May 2019 in application of its compliance policy and regulations, the Group has become aware of the existence of payments between 2010 and 2014, initially estimated at 82 million dollars, which might not be justified and, may, therefore be illegal. The application of the procedures contained in the FCC Group's set of compliance rules made it possible to identify the facts, and the company proceeded to bring them to the attention of the public prosecutors' offices in Spain and Panama, to which it has been providing since then the maximum collaboration for the clarification of the facts within the framework of the "zero tolerance" principle against corruption that permeates the entire FCC Compliance System.

In the context of this cooperation, on 29 October 2019, the National Court's Central Court of Instruction No. 2 resolved to investigate FCC Construcción, S.A. and two of its subsidiary companies, FCC Construcción América, S.A. and Construcciones Hospitalarias, S.A. in the context of Preliminary Measures 34/2017. The case is still in the investigation period, without us being able to determine at this time what type of charges could be filed, if any. These actions may therefore have a financial impact, although we do not have the information needed to qualify this impact.

On 6 July 2022, the National Markets and Competition Commission issued a resolution imposing a sanction on several construction companies, including FCC Construcción, S.A. for sharing the costs of technical work to verify objective data in relation to public works tenders. The Group considers that the sanctioned conduct not only fails to infringe any precept (including those contained in the competition law) but that this conduct has also contributed to greater efficiency and cost savings in tenders. For these and other reasons, it filed the corresponding contentious-administrative appeal before the National Court, which is still being heard. Furthermore, it asked said court to grant a precautionary measure for the suspension of the payment of the fine imposed by the CNMC until a final court ruling is handed down on this matter. This request was upheld. Therefore, it has been considered that, although this sanction may result in cash outflows, at present and given the situation we cannot estimate the corresponding amount and payment schedule.

The Group is involved in other lawsuits and legal procedures aside from those already described that it considers will not generate significant cash outflows.

The shareholding of Group companies in jointly controlled operations managed through joint ventures, joint ownership, participation accounts and other entities of similar legal characteristics means that participants must share joint and several liability with respect to the activity carried on (note 12).

Additionally, the 2018 agreement for the sale of the 49% FCC Aqualia holding envisages certain variable prices that depend on the resolution of contingent proceedings. The Group, therefore, has not recognised any asset given its contingent nature; likewise, it has not recognised any liability for claims that may arise against its interests, as it is not considered probable that significant losses will be incurred and given that their value is considered insignificant in relation to the transaction price.

Also, as part of the aforementioned sales transaction, FCC Topco S.a.r.l. and its subsidiary FCC Midco, S.A. were constituted, contributing shares representing 10% of the Group's shares in FCC Aqualia to the latter. These shares have been pledged as a guarantee of certain obligations assumed by the Group before FCC Aqualia, mainly in relation to the repayment of the loan that the latter has granted to the Parent Company of the Group for the amount of 806,479 thousand euros. At the date of authorisation for issue of these financial statements, the Group believes that there is no risk that these guarantees will be enforced.

The shareholding of Group companies in jointly controlled operations managed through joint ventures, joint ownership, participation accounts and other entities of similar legal characteristics means that participants must share joint and several liability with respect to the activity carried on (note 12).

In relation to the guarantees received, it should be noted, in general, that the Group only receives guarantees in relation to amounts paid as advances for the purchase of highly specialised equipment that has been ordered, mainly in the Construction and Water segments, for a non-significant amount as a whole. The Group has not obtained any significant assets as a result of the guarantees enforced in its favour or released.

26. INCOME AND EXPENDITURE

a) Operating income

The Group records operating income under "Net turnover", including interest income from the concession financial model collection rights under IFRIC 12 amounting to €37,754 thousand at 31 December 2022 (€36,374 thousand euros at 31 December 2021), except for work on own property, plant and equipment and other operating income.

Note 27 "Information by activity segments" shows the contribution of the business segments to consolidated net turnover.

Operating income from performance obligations met or partially met in previous years was recognised in 2022 for 10,244 thousand euros (32,943 thousand euros at 31 December 2021), mainly in the Construction segment.

During 2022, €533,829 thousand (at 31 December 2021: €309,111 thousand) previously recognised as customer advances and pre-certified work (notes 15 and 21), which were recognised as revenue under "Trade and other payables", mainly in the Construction segment, have been recognised under liabilities.

The breakdown of the other operating income for 2022 and 2021 is as follows:

	2022	2021
Income from sundry services	107,554	81,297
CO2 emission allowances (note 26)	-	7,766
Reimbursement from insurance compensation	2,796	4,129
Grants related to income	38,449	34,497
Other income	139,681	120,310
	288,480	247,999

"Income from sundry services" mainly includes additional services derived from construction contracts or provision of services not included in the main contracts and income derived from the provision of technical assistance to entities accounted for using the equity method. "Other income" mainly includes excess provisions and rental income when the Group acts as lessor in operating leases in activities other than real estate.

At year-end 2022, based on outstanding contracts, the Group estimated that it had outstanding performance obligations primarily for services rendered in the Environmental and Water Services segment and arising from construction agreements mainly in the Construction and Water segments amounting to €40,154,255 thousand (€30,088,815 thousand at year-end 2021) which it expects to recognise as revenue in accordance with the following schedule:

	up to 1 year	2 to 5 years	beyond 5 years	Total
Environmental Services	2,483,541	5,530,077	5,241,907	13,255,525
Construction	2,390,652	3,950,594	244,735	6,585,981
Integrated Water Management	1,460,305	7,075,020	11,777,424	20,312,749
	6,334,498	16,555,691	17,264,066	40,154,255

b) Supplies

The breakdown of the balance of supplies and other external expenses as at 31 December 2022 and 2021 is as follows:

	2022	2021
Subcontracting and work performed by other companies	1,541,727	1,442,802
Purchases and procurements	1,462,610	1,033,343
	3,004,337	2,476,145

c) Staff costs

Below is a breakdown of staff expenses for 2022 and 2021:

	2022	2021
Wages and salaries	1,687,937	1,541,542
Social security contributions	491,304	447,639
Other staff costs	59,492	51,048
	2,238,733	2,040,229

Information on the number of employees and their distribution by functional level and gender is provided in the Statement of Non-Financial Information which forms part of the Management Report accompanying these consolidated financial statements.

d) Impairment and gains/(losses) on disposal of fixed assets

The breakdown of the balance of the Impairment and gains/(losses) on disposal of fixed assets in the years 2022 and 2021 is as follows:

	2022	2021
Profit/(loss) from takeover of Realía Business, S.A. (Note 4)	-	241,701
Impairment of the commercial fund (note 6)	(200,000)	(100,000)
Changes in fair value of investment property (note 8)	22,294	16,628
Result of takeover of Sociedad Concesionaria Tranvía de Murcia, S.A. (note 4)	5,544	-
Depreciation and amortisation of other property, plant and equipment and intangible assets (endowment) / reversal (notes 6 and 7)	(8,515)	(49,304)
Profit/(loss) from disposals of other PP&E and intangible assets	4,527	4,622
Other concepts	1,255	9,930
	(174,895)	123,577

The following results are to be highlighted for 2022:

- as a result of the takeover of Sociedad Concesionaria Tranvía de Murcia, S.A. following the acquisition in November 2022 of an additional 50% stake by FCC Construcción S.A., a positive operating profit of €5,544 thousand was recognised as the consideration paid was lower than the fair value of the assets acquired (note 4).
- the impairment of goodwill in the Cement activity for the sum of €200,000 thousand (note 6).
- a positive result due to the change in the fair value of investment property amounting to €22,294 thousand as a result of the assessment carried out by independent experts of the Realía Group's investment property (note 8).

In turn, in 2021 should be made of the following:

- as a result of the takeover of Realia Business, S.A. following the acquisition in October 2021 of an additional 13.12% stake by FCyC S.L., a positive operating profit of €241,701 thousand was recognised as the consideration paid was lower than the fair value of the assets acquired (note 4).
- the impairment of goodwill of Corporación Uniland for an amount of €100,000 thousand (note 7) and the impairment of quarries in the Cement business as a result of the expected reduction in their useful life for an amount of €36,011 (note 7).
- a positive result due to the change in the fair value of investment property amounting to €16,628 thousand as a result of the assessment carried out by independent experts of the Realia Group's investment property (note 8).
- A pre-tax gain of €9,643 thousand from the sale of 51% of the Cedinsa Group, included under "Other items" (note 4).

The amount of this item is included in the accompanying consolidated cash flow statement under "Impairment and gains/(losses) on disposal of fixed assets" in the consolidated statement of cash flows.

e) Financial income and financial expenses

The breakdown of the financial income, according to the assets that generate said income, in 2022 and 2021 is as follows:

	2022	2021
Financial assets at fair value with changes in other comprehensive income	3,422	1,447
Financial assets at amortised cost	24,923	18,218
Other financial income	16,803	5,154
	45,148	24,819

The increase in "Other financial income" can mainly be attributed to financial income from the remunerated accounts of the Georgian Water and Power Company, which forms part of the Georgia Global Utilities Group in the End-to-End Water Management activity, following its takeover in February 2022 for the sum of €1,306 thousand, late-payment interest for tax refunds (municipal capital gains) received by Realia Business, S.A. in Real Estate activity, for the sum of €2,654 thousand, and the interest received from short-term surplus cash placements pertaining to the company FCC Environment CEE for the sum of €2,765 thousand, as part of the Environmental Services segment.

The breakdown of financial expenses in 2022 and 2021 is as follows:

	2022	2021
Debt instruments and other marketable securities	52,345	52,775
Credits and loans	44,557	25,975
Debts with limited recourse for project financing	11,030	15,862
Creditors from leases	12,315	12,905
Financial update of provisions and other liabilities	32,174	19,347
Other financial expenses	11,818	8,457
	164,240	135,321

The increase in financial expenses in 2022 can mainly be traced to Jezzine Uno, S.L.U. and Realia Business, S.A., which contributed €4,220 thousand and €14,627 thousand respectively at 31 December 2022, equivalent to twelve months, while at 31 December 2021 they contributed just €726 thousand and €2,215 thousand, corresponding to just the two months following the takeover of both companies in October 2021.

f) Other financial profit/(loss)

The breakdown of other financial expenses in 2022 and 2021 is as follows:

	2022	2021
Change in fair value of current financial instruments	4,946	6,553
Exchange differences	26,060	24,482
Impairment and profits/losses on disposal of financial Instruments	(1,401)	26,484
	29,605	57,519

In 2022, profit of €2,441 thousand was included under "Change in fair value of current financial instruments" (€5,440 thousand in 2021) for the contingent collection arising from the sale, without the loss of control, in 2018 of 49% of FCC Aqualia, S.A. (note 25).

In addition, in 2021, €15,999 thousand of the gain from the disposal of the stake in Nalanda Global, S.A. was included in "Impairment and gains/losses on disposal of financial instruments".

The amount of this heading is shown in the accompanying consolidated statement of cash flows under the heading "Other adjustments of profit/(loss) (net)".

g) Profit/(loss) of entities valued using the equity method

The breakdown for this heading is as follows:

	2022	2021
Profits/(losses) for the year (Note 11)	32,123	60,220
Joint ventures	31,132	35,463
Associates	991	24,757
Profit/(loss) on disposals and other	(2,509)	(1,987)
	29,614	58,233

In 2022, "Gains/losses on disposals and other" included the losses from the recognition at fair value of the Group's holding before its takeover of Sociedad Concesionaria Tranvía de Murcia, S.A., for the sum of €2,772 thousand.

During 2021, "Gains/losses on disposals and other" included those from the following transactions:

- sale of 49% of the companies Concessió Estacions Aeroport L9, S.A. and 29% of Urbs Iudex et Causidicus, S.A., which gave the FCC Group a pre-tax profit of €17,617 thousand (note 4).
- sale to Plenium Partners, S.L. of FM Green Power Investments, S.L. and its investees, which gave rise to a pre-tax gain of €39,464 thousand (note 4).
- The acquisition of control of the Realia Business Group, indicated in section d) of this note, which gave rise to a negative result of €58,158 thousand as a result of the fair value of the stake held by the Group prior to the acquisition of control (note 4).

h) Profit attributable to non-controlling interests

At 31 December 2022 the result attributable to minority interests amounts to €162,748 thousand (€97,145 thousand at 31 December 2021), mainly due to the amount corresponding to the 49% held by the minority shareholder of the Aqualia subgroup, a segment that contributes an amount of €87,349 thousand at 31 December 2022 (€69,988 thousand at 31 December 2021) (note 27).

Following the incorporation of Jezzine Uno, S.L. as part of a non-monetary capital increase in FCyC, S.A. in October 2021, subscribed by Soimob Inmobiliaria Española, S.A., the company came to have 19.97% interest in the capital of FCyC, S.A., the parent company of the Real Estate business, a segment that contributed an amount of €48,450 thousand at 31 December 2022 (€14,455 thousand at 31 December 2021) (note 4).

Furthermore, at 31 December 2022, the activity of the Environmental Services business contributed the sum of €26,177 thousand (€6,805 thousand at 31 December 2021) (note 27).

27. INFORMATION BY ACTIVITY SEGMENTS

a) Activity segments

The activity segments presented coincide with the business areas, as described in Note 1. The information for each segment, reflected in the tables presented below, has been prepared in line with the management criteria established internally by the Group's management, which are consistent with the accounting policies adopted to prepare and present the Group's consolidated financial statements.

The "Corporation" column includes the activity of the functional areas that carry out support tasks for operations and the operation of those companies whose management is not assigned to any of the business areas.

"Eliminations" includes the elimination of operations between different activity segments.

Income statement by segments

In particular, the information reflected in the following tables includes, as profit/(loss) for 2022 and 2021:

- All operating income and expenses of subsidiaries and joint management contracts that correspond to the activities carried out by the segment.
- Interest income and expenses generated on the segment's assets and liabilities, dividends and profits and losses on the sale of the segment's financial investments.
- The share in the profits/(loss) of companies accounted for using the equity method.
- Corporate income tax payable corresponding to the transactions carried out by each segment.

2022	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
Revenue	7,705,687	3,641,113	1,323,155	1,966,913	516,522	270,752	41,021	67,937	(121,726)
<i>External customers</i>	7,705,687	3,634,489	1,322,456	1,916,351	512,138	270,199	41,021	9,033	-
<i>From transactions with other segments</i>	-	6,624	699	50,562	4,384	553	-	58,904	(121,726)
Other income	362,617	98,790	101,377	114,347	7,206	24,466	12,959	49,300	(45,828)
<i>External customers</i>	362,617	97,243	100,128	112,115	7,155	24,314	12,959	8,703	-
<i>From transactions with other segments</i>	-	1,547	1,249	2,232	51	152	-	40,597	(45,828)
Operating expenses	(6,756,953)	(3,146,835)	(1,074,312)	(1,958,480)	(493,424)	(152,599)	(22,914)	(77,139)	168,750
Depreciation of fixed and non-current assets and allocation of grants for non-financial fixed and non-current assets, and other assets	(511,989)	(267,370)	(145,970)	(36,068)	(33,551)	(328)	(10,098)	(18,789)	185
Other operating income/(losses)	(188,836)	(20,969)	(442)	2,641	(200,026)	23,391	6,574	(2)	(3)
Operating profit/(loss)	610,526	304,729	203,808	89,353	(203,273)	165,682	27,542	21,307	1,378
<i>Percentage of revenue</i>	7.92%	8.37%	15.40%	4.54%	(39.35%)	61.19%	67.14%	31.36%	(1.13%)
Financial income	45,148	15,739	39,447	9,542	584	2,734	5,698	29,635	(58,231)
Financial expenses	(164,240)	(81,259)	(59,223)	(2,799)	(3,941)	(20,378)	(4,208)	(37,116)	44,684
Other financial profit/(loss)	29,605	(1,664)	5,206	20,586	(233)	3,943	(490)	(75,694)	77,951
Profit/(loss) of companies accounted for using the equity method	29,614	27,986	2,575	(158)	(9,787)	2,570	5,063	1,286	79
Profit/(loss) before tax from continuing operations	550,653	265,531	191,813	116,524	(216,650)	154,551	33,605	(60,582)	65,861
Corporate income tax	(72,723)	(56,102)	(35,525)	(25,029)	20,911	(27,473)	(3,732)	54,311	(84)
Profit/(loss) for the year from continuing operations	477,930	209,429	156,288	91,495	(195,739)	127,078	29,873	(6,271)	65,777
Consolidated profit for the year	477,930	209,429	156,288	91,495	(195,739)	127,078	29,873	(6,271)	65,777
Non-controlling interests	162,748	26,177	87,349	1,252	(1,002)	48,450	522	-	-
Profit attributable to the Parent Company	315,182	183,252	68,939	90,243	(194,737)	78,628	29,351	(6,271)	65,777

2021	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
Revenue	6,659,283	3,244,944	1,169,450	1,659,593	433,755	147,928	54,975	66,402	(117,764)
<i>External customers</i>	6,659,283	3,238,334	1,167,521	1,615,172	427,365	149,148	54,975	6,768	-
<i>From transactions with other segments</i>	-	6,610	1,929	44,421	6,390	(1,220)	-	59,634	(117,764)
Other income	301,322	76,137	73,385	113,605	17,629	4,961	13,947	41,225	(39,567)
<i>External customers</i>	301,322	74,918	72,076	114,191	17,435	4,923	13,947	3,832	-
<i>From transactions with other segments</i>	-	1,219	1,309	(586)	194	38	-	37,393	(39,567)
Operating expenses	(5,834,018)	(2,786,012)	(943,924)	(1,670,620)	(375,315)	(112,848)	(31,728)	(72,224)	158,653
Depreciation of fixed and non-current assets and allocation of grants for non-financial fixed and non-current assets, and other assets	(443,936)	(234,064)	(121,021)	(30,898)	(31,422)	(55)	(7,835)	(18,822)	181
Other operating income/(losses)	119,559	(15,613)	3,428	(578)	(134,987)	258,327	8,982	-	-
Operating profit/(loss)	802,210	285,392	181,318	71,102	(90,340)	298,313	38,341	16,581	1,503
<i>Percentage of revenue</i>	12.05%	8.79%	15.50%	4.28%	(20.83%)	201.66%	69.74%	24.97%	(1.28%)
Financial income	24,819	6,534	36,927	3,497	741	146	6,009	42,338	(71,373)
Financial expenses	(135,321)	(68,887)	(49,212)	(2,575)	(6,059)	(3,079)	(13,745)	(35,116)	43,352
Other financial profit/(loss)	57,519	4,337	(332)	34,787	304	74	12,773	167,890	(162,314)
Profit/(loss) of companies accounted for using the equity method	58,233	18,922	2,815	1,966	3,905	(46,006)	25,958	53,973	(3,300)
Profit/(loss) before tax from continuing operations	807,460	246,298	171,516	108,777	(91,449)	249,448	69,336	245,666	(192,132)
Corporate income tax	(130,180)	(66,041)	(42,860)	(27,406)	613	(12,822)	(7,839)	26,550	(375)
Profit/(loss) for the year from continuing operations	677,280	180,257	128,656	81,371	(90,836)	236,626	61,497	272,216	(192,507)
Consolidated profit for the year	677,280	180,257	128,656	81,371	(90,836)	236,626	61,497	272,216	(192,507)
Non-controlling interests	97,145	6,805	69,987	1,352	1,101	14,456	3,444	-	-
Profit attributable to the Parent Company	580,135	173,452	58,669	80,019	(91,937)	222,170	58,053	272,216	(192,507)

The contribution of the "Corporation" segment to the results of the FCC Group mainly includes the billing of the support services provided to the rest of the Group's activities under "Net turnover", the impairment of the investments on the parent companies' shares from the other segments, as well as dividends distributed by group companies that are subsidiaries of the Group's parent company, the financial expenses billed by other group companies as a result of intra-group loans granted to the parent company by other subsidiaries and the financial income billed to other group companies as a result of intra-group loans granted by the parent company to other subsidiaries. All these concepts, as transactions with Group companies, are eliminated as shown under "Eliminations". Also included are the financial expenses for debts with credit institutions detailed in note 19.

Balance sheet by segments

2022	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
ASSETS									
Non-current assets	9,874,542	3,164,348	3,125,791	803,020	728,894	2,325,704	601,856	3,904,676	(4,779,747)
Intangible assets	2,342,148	932,535	902,913	78,209	148,608	44	330,686	5,494	(56,341)
<i>Additions</i>	<i>64,347</i>	<i>21,003</i>	<i>40,798</i>	<i>337</i>	<i>854</i>	<i>3</i>	<i>-</i>	<i>1,352</i>	<i>-</i>
Property, plant and equipment	3,496,804	1,713,092	993,061	154,497	470,038	924	37	185,430	(20,275)
<i>Additions</i>	<i>598,412</i>	<i>401,831</i>	<i>119,901</i>	<i>58,784</i>	<i>13,978</i>	<i>74</i>	<i>1</i>	<i>3,843</i>	<i>-</i>
Investment property	2,122,854	-	2,560	-	-	2,120,294	-	-	-
<i>Additions</i>	<i>21,599</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>21,599</i>	<i>-</i>	<i>-</i>	<i>-</i>
Investments accounted for using the equity method	502,629	194,887	54,353	40,712	42,690	40,006	118,358	11,381	242
Non-current financial assets	910,567	258,395	1,135,874	197,041	3,990	152,699	143,219	3,555,899	(4,536,550)
Deferred tax assets	499,540	65,439	37,030	332,561	63,568	11,737	9,556	146,472	(166,823)
Current assets	5,407,999	1,594,944	829,780	2,158,697	236,746	874,862	40,446	310,239	(637,715)
Inventory	1,143,202	57,346	41,528	179,954	105,207	758,219	198	1,098	(348)
Trade and other receivables	2,409,262	971,826	471,722	796,817	110,741	21,243	9,556	74,411	(47,054)
Other current financial assets	221,252	70,593	64,492	387,888	12,271	41,639	12,450	222,232	(590,313)
Other current assets	58,745	31,641	5,632	15,454	1,215	4,363	180	260	-
Cash and cash equivalents	1,575,538	463,538	246,406	778,584	7,312	49,398	18,062	12,238	-
Total assets	15,282,541	4,759,292	3,955,571	2,961,717	965,640	3,200,566	642,302	4,214,915	(5,417,462)
LIABILITIES									
Equity	4,938,993	909,450	977,656	1,178,455	595,120	1,893,734	238,034	2,354,572	(3,208,028)
Non-current liabilities	6,046,615	2,231,734	2,319,042	236,140	246,352	971,668	338,826	1,273,388	(1,570,535)
Grants	202,865	4,265	37,291	-	610	-	160,700	-	(1)
Non-current provisions	1,141,750	544,299	184,556	194,913	23,371	27,784	47,874	118,953	-
Non-current financial liabilities	4,271,282	1,418,164	2,017,592	10,289	156,788	783,845	130,252	1,153,968	(1,399,616)
Deferred tax liabilities	281,976	130,032	65,835	30,938	65,583	160,039	-	467	(170,918)
Other non-current liabilities	148,742	134,974	13,768	-	-	-	-	-	-
Current liabilities	4,296,933	1,618,108	658,873	1,547,122	124,168	335,164	65,442	586,955	(638,899)
Current provisions	148,074	5,115	14,377	118,276	4,661	2,443	1,133	2,069	-
Current financial liabilities	1,333,125	911,693	68,376	29,827	28,866	249,265	52,820	557,798	(565,520)
Trade and other payables	2,815,734	699,890	576,120	1,399,019	90,641	83,456	11,489	28,264	(73,145)
Internal relations	-	1,410	-	-	-	-	-	(1,176)	(234)
Total liabilities	15,282,541	4,759,292	3,955,571	2,961,717	965,640	3,200,566	642,302	4,214,915	(5,417,462)

2021	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
ASSETS									
Non-current assets	9,074,069	2,988,252	2,595,915	614,852	933,400	2,169,896	403,192	3,717,710	(4,349,148)
Intangible assets	2,445,233	928,593	889,339	77,933	347,885	69	251,164	6,590	(56,340)
<i>Additions</i>	73,127	48,109	23,165	46	29	-	-	1,778	-
Property, plant and equipment	2,862,556	1,567,870	489,862	142,099	482,968	2,344	58	197,930	(20,575)
<i>Additions</i>	368,094	240,204	65,939	45,104	15,442	10	28	1,367	-
Investment property	2,069,187	-	-	-	-	2,069,187	-	-	-
<i>Additions</i>	4,836	-	-	-	-	4,836	-	-	-
Investments accounted for using the equity method	533,842	199,099	67,966	39,850	42,012	48,126	127,234	9,307	248
Non-current financial assets	604,020	234,742	1,117,636	4,690	3,840	14,940	15,585	3,392,058	(4,179,471)
Deferred tax assets	559,231	57,948	31,112	350,280	56,695	35,230	9,151	111,825	(93,010)
Current assets	5,168,089	1,410,000	1,107,069	1,719,351	212,344	910,279	56,819	461,787	(709,560)
Inventory	1,107,262	38,007	34,218	144,874	93,252	796,635	202	1,240	(1,166)
Trade and other receivables	2,277,734	888,935	387,845	773,992	83,755	16,620	6,881	165,663	(45,957)
Other current financial assets	184,365	66,942	78,684	446,915	12,740	25,272	291	215,958	(662,437)
Other current assets	63,203	35,687	4,399	17,548	1,022	4,310	86	151	-
Cash and cash equivalents	1,535,525	380,429	601,923	336,022	21,575	67,442	49,359	78,775	-
Total assets	14,242,158	4,398,252	3,702,984	2,334,203	1,145,744	3,080,175	460,011	4,179,497	(5,058,708)
LIABILITIES									
Equity	4,440,665	689,679	810,664	900,839	789,434	1,780,671	136,049	2,388,847	(3,055,518)
Non-current liabilities	5,565,941	2,784,715	1,162,409	292,139	248,348	1,027,295	265,147	1,079,484	(1,293,596)
Grants	192,185	4,882	38,719	-	89	-	148,495	-	-
Non-current provisions	1,167,340	520,563	198,499	214,953	22,250	25,312	39,791	145,972	-
Non-current financial liabilities	3,732,997	1,993,949	868,744	60,097	158,961	837,678	76,846	933,129	(1,196,407)
Deferred tax liabilities	322,219	117,701	52,867	17,089	67,048	164,305	15	383	(97,189)
Other non-current liabilities	151,200	147,620	3,580	-	-	-	-	-	-
Current liabilities	4,235,552	923,858	1,729,911	1,141,225	107,962	272,209	58,815	711,166	(709,594)
Current provisions	147,874	5,177	13,961	118,978	4,897	1,798	1,366	1,697	-
Current financial liabilities	1,820,176	306,990	1,189,076	21,117	21,104	185,273	50,483	686,687	(640,554)
Trade and other payables	2,267,502	608,153	526,874	1,001,130	81,961	85,138	6,966	26,082	(68,802)
Internal relations	-	3,538	-	-	-	-	-	(3,300)	(238)
Total liabilities	14,242,158	4,398,252	3,702,984	2,334,203	1,145,744	3,080,175	460,011	4,179,497	(5,058,708)

Cash flows by segment

	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
2022									
Operating activities	1,545,839	531,644	235,496	506,839	(13,539)	166,584	31,131	105,386	(17,702)
From investing activities	(938,045)	(385,164)	(273,097)	(12,104)	(13,422)	(154,654)	(43,959)	(17,965)	(37,680)
Financing activities	(567,196)	(55,143)	(316,370)	(60,990)	12,824	(29,973)	(18,970)	(153,956)	55,382
Other cash flows	(585)	(8,230)	(1,546)	8,817	(126)	-	501	(1)	-
Cash flows for the year	40,013	83,107	(355,517)	442,562	(14,263)	(18,043)	(31,297)	(66,536)	-
2021									
Operating activities	746,246	440,012	95,239	(42,577)	70,476	94,419	25,474	85,662	(22,459)
From investing activities	193,082	(282,058)	(12,205)	(285,750)	(17,464)	51,648	378,873	(14,050)	374,088
Financing activities	(627,727)	(112,296)	30,010	334,153	(47,575)	(80,634)	(400,445)	692	(351,632)
Other cash flows	1,815	10,846	2,759	8,101	373	-	(20,263)	(1)	-
Cash flows for the year	313,416	56,504	115,803	13,927	5,810	65,433	(16,361)	72,303	(3)

b) Activities and investments by geographic markets

The Group performs approximately 45% of its activity abroad (41% in 2021).

The net turnover realised abroad by the Group companies for the business years 2022 and 2021 is distributed among the following markets:

	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
2022									
United Kingdom	1,048,589	794,945	-	178,292	78,158	-	-	-	(2,806)
Czech Republic	385,321	264,954	120,364	3	-	-	-	-	-
Rest of Europe and Others	878,266	358,813	161,974	322,210	26,904	-	-	8,535	(170)
USA and Canada	285,565	247,240	-	23,400	14,925	-	-	-	-
Latin America	474,679	-	48,319	410,845	12,560	-	2,955	-	-
Middle East, Africa and Australia	362,090	-	131,098	162,048	69,382	-	-	-	(438)
	3,434,510	1,665,952	461,755	1,096,798	201,929	-	2,955	8,535	(3,414)
2021									
United Kingdom	855,745	708,332	-	79,626	67,787	-	-	-	-
Czech Republic	346,605	235,784	110,815	6	-	-	-	-	-
Rest of Europe and Others	811,555	351,759	83,670	339,667	30,197	-	-	6,381	(119)
USA and Canada	117,145	111,852	-	1,709	3,584	-	-	-	-
Latin America	258,609	-	48,433	207,594	281	-	2,306	-	(5)
Middle East, Africa and Australia	325,804	-	112,363	145,784	69,001	-	-	-	(1,344)
	2,715,463	1,407,727	355,281	774,386	170,850	-	2,306	6,381	(1,468)

The following items included in the accompanying financial statements are shown below by geographical areas:

	Total Group	Spain	United Kingdom	Czech Republic	Rest of Europe and Others	United States of America and Canada	Latin America	Middle East and Africa
2022								
ASSETS								
Intangible assets	2,342,148	1,214,779	453,521	2,236	254,017	80,321	295,082	42,192
Property, plant and equipment	3,496,804	1,512,754	556,861	342,537	354,623	241,111	34,249	454,669
Investment property	2,122,854	2,120,294	-	-	-	-	-	2,560
Deferred tax assets	499,540	444,666	16,040	5,434	17,166	-	13,332	2,902
2021								
ASSETS								
Intangible assets	2,445,233	1,352,303	487,559	2,336	250,436	46,543	262,101	43,955
Property, plant and equipment	2,862,556	1,389,079	624,145	323,186	320,259	160,345	11,646	33,896
Investment property	2,069,187	2,069,187	-	-	-	-	-	-
Deferred tax assets	559,231	520,752	5,717	4,874	16,261	-	9,551	2,076

c) Personnel

The average number of people employed in 2022 and 2021 by business areas is as follows:

	2022	2021
Environmental Services	42,996	41,206
End-to-End Water Management	12,168	9,935
Construction	6,480	7,134
Cement	1,060	1,041
Real Estate	103	33
Concessions	58	33
Sociedad	365	360
	63,230	59,742

28. ENVIRONMENTAL INFORMATION

The Corporate Responsibility Master Plan contains the environmental policy, enhancing the socially responsible commitment as part of the strategy of the FCC Group, which is highly involved in environmental services.

The FCC Group carries out its activities on the basis of business commitment and responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its ambition to generate wealth and social well-being.

Aware of the importance of preserving the environment and using available resources responsibly, and in line with its vocation to serve through activities with a clear environmental focus, the FCC Group promotes and enhances the following principles, on which its contribution to sustainable development is based, throughout the organisation:

Continuous improvement

Promote environmental excellence by establishing objectives for the continuous improvement of performance, minimising the negative impacts of the FCC Group's processes, products and services, and enhancing the positive impacts.

Monitoring and control

Establish environmental indicator management systems for the operational control of processes, which provide the necessary knowledge for the monitoring, evaluation, decision-making and communication of the FCC Group's environmental performance and compliance with the commitments undertaken.

Climate change and pollution prevention

Lead the fight against climate change through the implementation of processes with lower greenhouse gas emissions, and by promoting energy efficiency and renewable energies.

Preventing pollution and protecting the natural environment through the responsible management and consumption of natural resources and by minimising the impact of emissions, discharges and waste generated and managed by the FCC Group's activities.

Observation of the environment and innovation

Identify the risks and opportunities of activities in the face of the changing landscape of the environment in order, among other things, to promote innovation and the application of new technologies, as well as the generation of synergies between the various activities of the FCC Group.

Life cycle of products and services

Enhance environmental considerations in business planning, procurement of materials and equipment, and relations with suppliers and contractors.

The necessary participation of all parties

Promote the knowledge and application of environmental principles among employees and other stakeholders.

Share experience in the most excellent practices with the different agents in order to promote alternative solutions to those currently in place, which contribute to the achievement of a sustainable environment.

This Environmental Policy is materialised through the implementation of quality management and environmental management systems, as well as follow-up audits, which accredit the FCC Group's performance in this area. Regarding the management of environmental risks, the Group has implemented environmental management systems certified under the ISO 14001 standards, which focus on:

- a) Compliance with applicable regulations and the achievement of environmental objectives that exceed external requirements.
- b) The reduction of environmental impacts through proper planning.
- c) The continuous analysis of risks and possible improvements.

The basic tool to prevent this risk is the environmental plan that each operational unit must prepare and which consists of:

- a) The identification of environmental aspects and applicable legislation.
- b) Impact evaluation criteria.
- c) The measures to be taken.
- d) A system for measuring the objectives achieved.

The very nature of the activity of the Environmental Services Area is aimed at the protection and conservation of the environment, not only through productive activity: (waste collection, road cleaning, operation and control of landfills, sewer cleaning, treatment and disposal of industrial waste, etc.), but also for the development of this activity through the use of production techniques and systems aimed at reducing environmental impact even more meticulously than required by the regulations on these matters.

The development of the production activity of the Environmental Services Area requires the use of buildings, technical installations and specialised machinery that are efficient in protecting and conserving the environment. At 31 December 2022, the acquisition cost of the productive fixed and non-current assets, net of depreciation, of the Environmental Services Area amounted to 2,645,627 thousand euros (2,496,463 thousand euros at 31 December 2021). Environmental provisions, mainly for landfill sealing and closing costs, amount to 476,679 thousand euros (452,963 thousand euros as at 31 December 2021).

The activities carried out by Aqualia are directly linked to the protection of the environment, as the guiding thread of its actions, in collaboration with the different Public Administrations, is the efficient management of the end-to-end water cycle and the search for guarantees for the availability of water resources that allow for the sustainable growth of the populations where it provides its services. One of FCC Aqualia's fundamental objectives is continuous improvement through an Integrated Management System, which includes both the quality management of processes, products and services and environmental management. The main actions carried out are: Water quality control in both collection and distribution, 24-hour service 365 days a year making it possible to fix faults in distribution networks in the shortest possible time, with the consequent saving of water, optimisation of electricity consumption, the elimination of environmental impacts caused by wastewater discharges and the management of energy efficiency in order to reduce the carbon footprint.

Cement companies have fixed and non-current assets for filtering gases that are discharged into the atmosphere, in addition to meeting the commitments made in the environmental recovery of depleted quarries and applying technologies that contribute to the efficient environmental management of processes.

At year-end the Cementos Portland Valderrivas Group has investments related to environmental activities recorded under intangible assets and property, plant and equipment for a total amount of €137,960 thousand (€137,742 thousand in 2021), with accumulated amortisation of €108,756 thousand (€103,775 thousand in 2021). In 2022, it also incurred expenses of €2,562 thousand (€2,380 thousand in 2021) to ensure the protection and improvement of the environment, which were recognised under "Other operating expenses" in the accompanying consolidated income statement.

For the cement activity, the Group receives free CO₂ emission rights in accordance with the corresponding national allocation plans. In this regard, it should be noted that in 2022 emission allowances equivalent to 2,685 thousand tonnes per year (2,710 thousand tonnes per year in 2021) have been received, corresponding to the companies Cementos Portland Valderrivas, S.A. and Cementos Alfa, S.A.

During 2022, no greenhouse gas rights were sold. "Operating income" in the accompanying consolidated income statement includes income from the sale of greenhouse gas emission allowances in 2021 amounting to €7,766 thousand.

The Construction Area adopts environmental practices in the execution of the works that allow for a respectful action with the environment, minimising its environmental impact by reducing the emission of dust into the atmosphere, controlling the level of noise and vibrations, controlling water discharges with special emphasis on the treatment of fluids generated by the works, the maximum reduction of waste generation, the protection of the biological diversity of animals and plants, protection of the urban environment due to occupation, pollution or loss of soils and the development of specific training programmes for technicians involved in the process of making decisions with an environmental impact, as well as the implementation of an "Environmental performance code" that establishes the requirements for subcontractors and suppliers regarding the protection and defence of the environment.

The Real Estate Area, in carrying out its usual development activities, considers the environmental impact of its projects and investments as a key aspect. However, it has not been necessary to incorporate systems, equipment or installations for the protection and improvement of the environment into tangible fixed assets.

Nor is it considered that there are no significant contingencies related to the protection and improvement of the environment as at 31 December 2022 that may have a significant impact on the accompanying financial statements.

For more information on the provisions of this note, the reader should refer to the Statement of Non-Financial Information the Group publishes annually, among other channels, on the web page www.fcc.es.

29. FINANCIAL AND NON-FINANCIAL RISK MANAGEMENT POLICIES

The concept of financial risk refers to the changes in the financial instruments arranged by the Group as a result of political, market and other factors and the repercussion thereof on the financial statements. The risk management philosophy of the Group is consistent with their business strategy, and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial and non-financial risk management and control criteria have been established, identifying, measuring, analysing and controlling the risks incurred in the Group's operations. The risk policy has been integrated into the Group's organisation in the appropriate manner.

In view of the Group's activities and the transactions through which it carries on its business, it is currently exposed to the following risks:

a) Capital risk

To manage capital, the main objective of the Group is to reinforce its financial-equity structure, in order to improve the balance between borrowed funds and shareholders' equity, and the Group endeavours to reduce the cost of capital and, in turn, to preserve its solvency status, in order to continue managing its activities and to maximise shareholder value, not only at Group level, but also at the level of the parent, Fomento de Construcciones y Contratas, S.A.

The Group's basic capital base is equity in the balance sheet which, for management and monitoring purposes, excludes the item "Changes in fair value of financial instruments" and "Translation differences".

The first of these headings is disregarded for management purposes as it is considered as part of interest rate management, since it is mainly the result of the assessment of instruments that transform floating-rate debt into fixed-rate debt. Translation differences, meanwhile, are managed within the exchange rate risk.

Given the sector in which it operates, the Group is not subject to external capital requirements, although this does not prevent the frequent monitoring of equity to guarantee a financial structure based on compliance with the prevailing regulations of the countries in which it operates, also analysing the capital structure of each of the subsidiaries to enable an adequate distribution between debt and capital.

The above is reflected in the results of ratios, debt levels and the high percentage classed as Investment grade, mainly in the parent's subsidiaries that account for a large part of the Group's financial debt, such as FCC Aqualia and FCC Servicios Medio Ambiente Holding.

In addition, as more extensively explained in note 19 on Non-current and current financial liabilities, in June 2022 the refinancing in the Water area was completed for the sum of €1,100 million. Elsewhere, in July 2020, FCC Servicios Medioambiente Holding S.A.U. registered, and has since renewed each year, a promissory note programme (Euro Commercial Paper Program [ECP]) the Irish stock market for the amount of 400 million euros; while Fomento de Construcciones y Contratas, S.A. has registered a promissory note programme (Euro Commercial Paper Program [ECP]) on the same market since November 2018 for the sum of 600 million euros. In 2022, new financing facilities were also renewed and taken out in the form of lines of credit and bilateral loans.

These operations have helped to continue to shore up the financial solvency process and the continuation of the policy of diversifying funding sources. These measures have contributed to achieving a much more robust and efficient capital structure, with suitable volumes, terms and financing costs adapted to the nature of the different business areas.

The Economic-Finance Division, as responsible for financial risk management, regularly reviews the debt-equity ratios and compliance with financing covenants, together with the capital structure of the subsidiaries.

b) The FCC Group is exposed to currency exchange risk

A noteworthy consequence of the Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be arranged in the same currency.

Although the benchmark currency in which the Group mainly operates is the euro, the Group also holds financial assets and liabilities accounted for in currencies other than the euro. Exchange rate risk is mainly found in debt denominated in foreign currency, except when this entails a natural hedge of the assets financed since they are denominated in the same currency, in investments in international markets, and in collections and payments in currencies other than the euro.

The following shows the composition by currencies of the Group's gross debt at 31 December 2022:

	CONSOLIDATED (thousands of euros)							TOTAL
	Euro	Dollar	Pound	Czech Koruna	Rest of Europe non-euro	Latin America	Other	
Gross debt	4,433,972	88,343	318,264	(68)	58,949	57,590	25,410	4,982,460
Financial assets	(675,021)	(285,041)	(263,050)	(49,043)	(69,230)	(172,210)	(276,146)	(1,789,741)
Total consolidated net indebtedness	3,758,951	(196,698)	55,214	(49,111)	(10,281)	(114,620)	(250,736)	3,192,719
% Net Debt of the total	117.7%	(6.2%)	1.7%	(1.5%)	(0.3%)	(3.6%)	(7.9%)	100.0%

Note 16 of these Financial Statements provides a break down of Cash and Equivalents by currency; in this breakdown, we can see how 37.5% is denominated in euros, 17.5% is denominated in US dollars, 15.6% in sterling and 12.6% in Saudi riyals.

The Group's general policy is to mitigate the adverse effect that exposure to the different foreign currencies could have on its financial statements as much as possible, with regard to both transactional and purely equity-related movements. The Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

A summary table of the sensitivity to exchange rate changes in the translation of foreign currency financial statements in the main currencies in which the Group operates is shown below (note 17):

	10%	
	Profit and Loss	Equity
Pound sterling	2,838	47,042
US Dollar	(1,465)	26,868
Georgian lari	3,139	22,519
Algerian dinar	1,562	17,511
Czech koruna	3,070	9,559
Total	9,144	123,499

	-10%	
	Profit and Loss	Equity
Pound sterling	(2,838)	(47,042)
US Dollar	1,465	(26,868)
Georgian lari	(3,139)	(22,519)
Algerian dinar	(1,562)	(17,511)
Czech koruna	(3,070)	(9,559)
Total	(9,144)	(123,499)

The impact on sterling is mainly due to the translation of the net assets corresponding to the investment held in the FCC Environment UK subgroup.

c) The FCC Group is exposed to interest rate risk

The Group is exposed to interest rate fluctuations due to the fact that the Group's financial policy aims to ensure that its current financial assets and debt are partially tied to variable interest rates. The benchmark interest rate for the Group's debt arranged with credit entities in euros is mainly the Euribor.

Any increase in interest rates could give rise to an increase in the Group's financing costs associated with its borrowings at variable interest rates, and could also increase the cost of refinancing the borrowings and the issue of new debt.

In order to ensure a position that is in the best interests of the Group, an interest rate risk management policy is actively implemented, with on-going monitoring of markets and assuming different positions depending primarily on the asset financed.

In addition, within the framework of the policy for managing this risk carried out by the Group, fixed-rate debt issuance operations have been carried out in capital markets together with interest rate hedges and fixed-rate financing, totalling 61.8% of the Group's total gross debt at the end of the year, including hedging on structured project financing.

The following table shows a breakdown of the gross debt of the FCC Group as well as the hedged debt, either because it is a fixed rate debt or through derivatives:

	Total Group	Construction	Environmental Services	Cement	Integrated Water Management	Concessions	Real Estate	Corporation
Total Gross External Debt	4,982,460	8,641	1,761,308	165,710	1,947,659	104,836	813,297	181,009
Fixed-rate headings and financing at 31.12.22	(3,079,361)	(2,113)	(1,661,241)	(1,796)	(711,286)	-	(679,725)	(23,200)
Total variable rate debt	1,903,099	6,528	100,067	163,914	1,236,373	104,836	133,572	157,809
Ratio: Variable rate debt / Gross External Debt at 31.12.22	38.2%	75.5%	5.7%	98.9%	63.5%	100.0%	16.4%	87.2%

The following table summarises the effect on the Group's income statement of upward movements in the interest rate curve on gross borrowings, after excluding fixed-rate debt and debt associated with hedging agreements:

	Gross indebtedness		
	+50 pp	+75 pp	+100 pp
Impact on profit or loss	9,515	14,273	19,031

d) Solvency risk

At 31 December 2021, the net financial indebtedness of the Environmental Services Group contained in the accompanying balance sheet amounted to €3,192,719 thousand as shown in the following table (€3,225,709 at 31 December 2021):

	2022	2021
Bank borrowings	2,778,349	1,742,556
Debt instruments and other loans	2,040,747	3,031,543
Other interest-bearing financial debt	163,364	171,427
Current financial assets	(214,203)	(184,292)
Treasury and cash equivalents	(1,575,538)	(1,535,525)
Net interest-bearing debt	3,192,719	3,225,709
Net debts with limited recourse	3,869,904	3,551,740
Net indebtedness with recourse	(677,185)	(326,031)

Net Debt with limited recourse increased year-on-year on account of the joint effect of the increase in debt following the acquisition of the previously uncontrolled 50% stake in the Murcia Tramway concession in Spain (notes 4 and 19), together with the decrease in cash in the Water area compared to 31 December 2021.

e) The FCC Group is exposed to liquidity risk

The Group carries out its operations in industrial sectors that require a high level of financing, and has so far obtained adequate financing to carry out its operations. However, the Group cannot guarantee that these circumstances relating to obtaining financing will continue in the future.

The Group's capabilities to obtain financing depend on many factors, many of which are beyond its control, such as general economic conditions, the availability of funds at financial institutions, the depth and availability of capital markets and the monetary policy of the markets in which it operates. Adverse effects in debt and capital markets may hinder or prevent adequate financing being available to perform the Group's activities.

Historically, the Group has always been able to renew its loan arrangements, and it expects to continue doing so in the coming twelve months. However, FCC Group's ability to renew its financing depends on various factors, many of which are outside the control of the Group, such as general economic conditions, the availability of funds for loans from private investors and financial institutions, and the monetary policy of the markets in which it operates. Negative conditions in debt markets could hinder or prevent Group's capacity to renew its financing. Therefore, the Group cannot guarantee its ability to renew credit agreements and bond issues under economically attractive terms. The inability to renew said financing or to secure it under acceptable terms could have a negative impact on the Group's liquidity and its ability to meet the working capital needs.

To adequately manage this risk, the Group performs exhaustive monitoring of the repayment dates of all credit facilities of each Group company, in order to conclude all renewals in the best market conditions sufficiently in advance, analysing the suitability of the funding and studying alternatives if the conditions are unfavourable on a case-by-case basis. The Group is also present in several markets, which facilitates obtaining credit facilities and mitigating liquidity risk.

At 31 December 2022, the Group's schedule of maturities of external gross debt was as follows:

2023	2024	2025	2026 and beyond	TOTAL
1,123,504	211,899	1,715,818	1,931,239	4,982,460

A significant part of the gross financial debt, amounting to €4,792,813 thousand, has no recourse to the parent company, of note being the debt of the End-to-end Water Management segment amounting to €1,947,660 thousand, and of the Environmental Services segment amounting to €1,761,309 thousand at 31 December 2022.

At 31 December 2022, the Group had working capital of €1,111,066 thousand (€932,537 thousand at 31 December 2021).

In order to manage liquidity risk, at 31 December 2022, the Group had 433.4 million euros in undrawn bilateral financing lines, and 1,411,731 thousand euros in cash, in addition to the following current financial assets and cash equivalents, whose maturities are shown below:

Thousands of euros	Amount	1-3 months	3-6 months	6-9 months	9-12 months
Other current financial assets	214,203	32,711	12,668	13,408	155,416

Thousands of euros	Amount	1 month	1-2 months	2-3 months
Cash equivalents	163,807	138,459	-	25,348

f) Concentration risk

This is risk arising from the concentration of lending transactions with common characteristics, and it is distributed as follows:

- **Funding sources:** In order to diversify this risk, the Group works with a large number of national and international financial institutions and capital markets to obtain financing.
- **Markets/geography (domestic, foreign):** The Group operates in a wide variety of national and international markets, with the debt mainly concentrated in euros and the rest in various international markets, with different currencies.
- **Products:** The Group uses various financial products: loans, credit facilities, obligations, syndicated loans, assignments and discounting, etc.
- **Currency:** The Group is financed through many different currencies according to the country of the investment.

The Group's strategic planning process identifies the objectives to be attained in each of the areas of activity, based on the improvements to be implemented, the market opportunities and the level of risk deemed acceptable. This process serves as a base for preparing operating plans that specify the goals to be reached each year.

To mitigate the market risks inherent to each line of business, the Group maintains a diversified position among businesses related to the construction and management of infrastructure, provision of environmental services and others. In the area of geographical diversification, in 2022 the weight of the external activity has been 45% of total sales, with special importance in the activities of Environmental Services and Infrastructure Construction.

g) Credit risk

The provision of services or the acceptance of client engagements, whose financial solvency was not guaranteed at the acceptance date, situations not known or unable to be assessed by the Group and unforeseen circumstances arising during the provision of the service or the execution of the engagement that could affect the client's financial position could generate a payment risk with respect to the amounts owed.

The Group request commercial reports and assess the financial solvency of clients before doing business and perform on-going monitoring, and have put in place a procedure to be adopted in the event of insolvency. In the case of public-sector clients, the Group does not accept engagements that do not have an assigned budget and financial approval. Offers that exceed a certain payment period must be authorised by the Finance Division. Likewise, on-going monitoring is performed of debt delinquency in various management committees.

The maximum level of exposure to credit risk has been calculated, with the breakdown of the amount as at 31 December 2022 as shown in the following table:

	2022	2021
Financial credits granted (note 13)	1,060,903	945,708
Trade and other receivables (note 15)	2,409,262	2,277,734
Derivative financial assets (note 22)	46,330	180
Cash and cash equivalents (Note 16)	1,575,538	1,535,525
Guarantees granted (Note 25)	4,697,135	3,952,987
TOTAL	9,789,168	8,712,134

In general, the Group does not have collateral guarantees or improvements to reduce credit risk or for financial credits or accounts receivable from traffic. Although it should be noted that bonds are requested from subscribers in the case of certain contracts of the Water activity, mostly concessions affecting IFRIC 12, there are also offsetting mechanisms in certain contracts, mostly concessions affecting IFRIC 12 in Water, Environmental Services and Concession activities, making it possible to guarantee the recovery of loans granted to finance early initial fees or investment plans.

With respect to credit quality, the Group applies its best judgement to impair financial assets for which lifetime credit losses are expected to be incurred (note 3.i). The Group regularly analyses changes in the public ratings of the entities to which it is exposed..

Risk hedging financial derivatives

In general, the financial derivatives contracted by the Group are treated for accounting purposes in accordance with the accounting hedging regulations set out in these financial statements. The main financial risk hedged by the Group through derivative instruments relates to changes in the floating interest rates to which the financing of Group companies is linked. The financial derivatives are measured by experts on the subject using generally accepted methods and techniques. These experts were independent from the Group and the entities financing it.

Sensitivity analyses are carried out periodically with the objective of observing the effect of a possible change in interest rates on the Group's accounts.

A simulation was carried out, proposing three bullish scenarios of the basic interest rate curve of the Euro, coming in at around 2.65% in the medium/long term as at 31 December 2022, assuming an increase of 50 bp, 75 bp and 100 bp.

The amounts in thousands of euros obtained in relation to derivatives outstanding at year-end with an impact on equity (note 22), after applying, where applicable, the percentage of ownership interest, are shown below.

	+50 pp	+75 pp	+100pp
Impact on Equity:			
Full consolidation	7,071	10,498	13,856
Equity method	3,568	5,233	6,822

h) Brexit risk

Exposure to Brexit is mitigated by the natural hedge of keeping assets and liabilities in the same currency. At the close of these consolidated financial statements, the Group's activities in the country were not affected by Brexit.

The Group's activity in the United Kingdom is primarily concentrated in the Environmental Services business area, mainly through its shareholding in the FCC Environment UK subgroup, which engages in the treatment, disposal and collection of waste, and also in the management of waste recovery and incineration plants. In addition, although to a lesser extent, the FCC Group maintains a presence in the country by exporting cement and carrying out construction projects. At the end of the current year, the FCC Group has recorded €1,048,589 thousand in turnover (€855,745 thousand in 2021) (note 27) and holds assets totalling €1,698,711 thousand (€1,765,509 thousand in 2021) in the United Kingdom.

The net investment held in pounds sterling amounts to €470,424 thousand at year-end 2022 (€482,023 thousand 2021) (note 17.d). A sensitivity analysis is provided below showing the potential impact on the Group's results and equity in the event that the exchange rate of the pound sterling against the euro were to increase or decrease by 10%:

	Profit and loss	Equity
+ 10%	2,838	47,042
- 10%	(2,838)	(47,042)

The gross financial debt held in pounds sterling at 31 December 2022 amounts to €318.3 million (€358.3 million in 2021) and is concentrated in the aforementioned FCC Environment UK subgroup, comprising various loans and project finance bonds at fixed or variable rates hedged with hedging derivatives that transform it into a fixed rate at a weighted average rate of 4.5%, so there is no interest rate risk in the cash flows arising from the debt denominated in pounds sterling.

i) Covid-19 risk

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

In operational terms, the impact of the COVID-19 crisis on the Group was limited given that the Water and Environment segments, which represent the most substantial part of the Group's revenues and results, include activities that the various national authorities have considered as essential without relevant interruptions in activity or loss of profitability in most of the assets. In relation to the other activities, such as Construction, which has a smaller weight in the Group's total activity, the pandemic led to the temporary interruption of part of the portfolio of construction contracts in progress, and also, where appropriate, to some inefficiencies in the supply chain, circumstances which inevitably had an impact on project costs and delivery times. Measures were taken to bring costs in line with the new activity levels and as of today all activity has resumed, so no material unprovisioned impairments are expected. The Cement Area shows a similar evolution in relation to COVID-19 risk, although it has been adversely affected by the rise in energy prices.

In this regard, as shown in the accompanying consolidated income statement, the Group maintains a positive "Profit from operations" of €610,526 thousand (€802,210 thousand in 2021), which represents 7.9% of turnover (12.0% in 2021). "Cash flows from operating activities" amounted to €1,545,839 thousand (€746,246 thousand in 2021), as can be seen in the accompanying consolidated cash flow statement.

In the light of the status created by the COVID-19 crisis, the Group has carried out an analysis of the main estimates affecting the accompanying consolidated financial statements:

- **Goodwill:** The Group has updated the various impairment tests for goodwill recognised. Although the goodwill corresponding to Corporación Uniland's cash-generating unit has been impaired, this impairment did not arise from the impact of COVID-19 (note 6).
- **Investment property:** Following the acquisition of control of the Realía Business Group and the company Jezzine Uno, S.L.U., in 2021, the FCC Group included €2,069,187 thousand of investment property in its accompanying consolidated balance sheet, which is measured at fair value at the end of the period, with no decrease in fair value (notes 3 and 8).
- **Rest of fixed assets.** The recoverable value of the main fixed and non-current assets that could show signs of impairment has been reviewed, in particular, those associated with the concession businesses (Notes 6 and 7), with there being no significant impairment.

- Financial instruments: The recoverable value of the main financial instruments has been reviewed, with special attention paid to investments accounted for using the equity method (Note 11).
- Furthermore, with regard to trade sales ledgers, no significant non-payment problems were identified. There are no unimpaired doubtful material trade receivables. The collection periods are in line with previous years.
- Deferred tax assets: The assumptions (both in operational and tax terms) regarding the recoverability of these assets, contemplated in December 2021, 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 18) is considered suitable to cover all risks considered probable.
- Real estate inventory assessment: The heading "Inventories" includes real estate assets with a net book value of €763,865 thousand at year-end 2022 (€804,423 thousand at the end of the previous year). In this regard, during the year the fair value estimates of some of the main real estate inventories were updated by independent third parties and there were no significant impairment losses (note 14).
- Recognition of income in construction contracts: The Group reassessed its forecast results in the Construction segment at conservative ranges in the light of current circumstances. In this sense, provisions make it possible to cover the risks associated with average scenarios, in the context of current uncertainty. In any case, it should be noted that the Group has not registered unapproved income derived from cost overruns, delays or claims on third parties as a result of the situation caused by Covid-19, which has caused, in many geographic regions, inefficiencies and delays, with the consequent impact in terms of profitability.

In view of the above, considering the limited impact, the measures undertaken to secure the assets as well as the existing liquidity buffers, the Group has prepared its financial statements on a going concern basis, as there are no doubts about the Group's continuity.

j) Risks generated by the Russian invasion of Ukraine

The Group does not undertake activities in Russia, Ukraine or Belarus, meaning that the Russian invasion of Ukraine and the subsequent sanctions have not had a direct effect on its activities. However, it has been exposed to indirect effects such as the increase in the cost of raw materials, in particular the cost of energy, disruption to supply chains and, to a certain extent, the increase in reference interest rates. The most significant impact has been seen in the Cement Area, the most energy-intensive activity, slashing its operating margins despite the fact that in recent months, the sale price of cement has partly included the aforementioned increase in the cost of energy. The remaining activities have been affected for the same reason although to a lesser extent as they are not as intensive when it comes to energy consumption.

In light of the foregoing, the Group has reviewed the assumptions used to assess signs of impairment of its main non-financial assets, considering factors including but not limited to the increase in reference interest rates, placing particular emphasis on goodwill. As a result, it has determined that it is appropriate only to deteriorate the goodwill corresponding to the Uniland CGU (Note 9.a), weighed down by the decrease in its margins as a result of factors including but not limited to the indirect effects mentioned in the previous paragraph (note 6).

Given that the Group does not operate in the aforementioned geographic markets, no significant increase in the credit risk of its financial assets has been seen; therefore, no additional impairments have been recognised beyond those considered inherent to the different activities it performs. Furthermore, no difficulties have been detected in the Group's ability to obtain financing, as reflected by the transactions undertaken over the course of the year (note 19).

The aforementioned invasion has had a limited impact on the Group, meaning that the consolidated financial statements have been prepared applying the going concern principle, considering that the effects described do not jeopardise the continuity of their activities.

k) Climate change risks

The Group's activities may be impacted by adverse weather conditions, such as floods or other natural disasters, and in some cases by decreases in temperature that may make it difficult, or even impossible in extreme cases, to carry out its activities, such as in the case of severe frost in the construction activity.

The Group takes all appropriate measures to adapt to the effects of climate change and to mitigate its possible effects on its business and fixed assets, as shown by the environmental provisions set aside for this purpose (note 18).

The Group is committed to the decarbonisation of the activities it carries out, for which it uses the most efficient technologies in the fight against climate change and, due to the very nature of some of the activities it carries out, it promotes the circular economy. In order to achieve these objectives, the Group implements specific policies in its activities.

The Construction area has an Integrated Policy to analyse environmental incidents, the involvement of the interested parties and the establishment of a plan to reduce the significant impacts of the activities of the works, emphasising the mitigation of the generation of waste, the consumption of resources, the generation of noise and vibrations, promoting the use of sustainable and reusable materials and the sustainable use of water. It has environmental certifications in several of the countries in which it operates, as well as environmental certification according to ISO 14001 at the centres located in Spain at some of its main investees.

The very nature of the Environmental Services Area aims to protect and conserve the environment and contribute to the circular economy by treating waste as a resource, through its reuse and energy recovery. Likewise, it uses technologies and equipment to optimise water consumption, promoting a rational use and the use of water from alternative sources, such as the use of rainwater. As for policies aimed at optimising energy consumption, Spain has an Energy Management System certified in accordance with the ISO 50001 standard and projects for the use of landfill gas to generate electricity and hot water.

In 2021, the Water Area was the first company in the sector to certify the Strategy for the Contribution of the Sustainable Development Goals, by AENOR. Furthermore, the Area has implemented energy management policies with a view to optimising energy consumption at its facilities; this policy is reflected in the calculation of the company's Carbon Footprint at its plants in Spain. The Area has also implemented policies to reduce greenhouse gas emissions, through the signing of a PPA (Power Purchase Agreement) contract for renewable energies (photovoltaic) and projects to install renewable energy (photovoltaic) at some of its facilities.

The Cement Area takes measures that are specified at each facility, taking into account the current context of each one, its technological, human and economic resources, the applicable legislation and the expectations of the interested parties. The objectives of such measures are to promote the circular economy and to reduce greenhouse gas emissions by increasing material and energy recovery with a greater use of decarbonised raw materials, recoverable waste and biomass fuels, increasing energy efficiency through the optimisation of the fuel mix and the use of expert systems in the manufacturing process and transition to LED lighting and increasing the mix of renewable energies through solar and/or wind energy facility projects and boosting the consumption of biomass in clinker manufacturing.

Pursuant to the reporting requirements set out in the Taxonomy Regulation (EU) 2020/852, the FCC Group has analysed the proportion of its economic activities that are eligible, and where appropriate, aligned and non-aligned, and ineligible under the Environmental Taxonomy, in terms of business volume, CapEx and OpEx relative to 2022. The Statement of Non-Financial Information that forms part of the Management Report provides greater details about the results and methodology followed in the application of the aforementioned Regulation, in particular specifying how the Group has analysed the climate risks affecting all its activities.

As a result of the above, the Group has prepared its financial statements on a going concern basis, as there are no doubts about the Group's continued existence.

30. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

a) Transactions with directors of the Parent Company and senior executives of the Group

The amounts accrued for fixed and variable remuneration received by the Directors of Fomento de Construcciones y Contratas, S.A. in 2022 and 2021, to be paid by the latter or any of the Group companies, jointly managed or associated, are as follows:

	2022	2021
Fixed remuneration	650	525
Other payments	1,914	1,933
	2,564	2,458

The senior executives listed below, who are not members of the Board of Directors, received total remuneration of 5,793 thousand euros (1,908 thousand euros in 2021).

The bulk of the increase in comparison with the previous year resulted from the settlement of an insurance policy payable to a senior executive.

2022

Marcos Bada Gutiérrez	General manager of Internal Audit
Felipe B. García Pérez	General Secretary
Miguel A. Martínez Parra	Managing Director of Administration and Finance
Félix Parra Mediavilla	Managing Director of FCC Aqualia

2021

Marcos Bada Gutiérrez	General manager of Internal Audit
Felipe B. García Pérez	General Secretary
Miguel A. Martínez Parra	Managing Director of Administration and Finance
Félix Parra Mediavilla	Managing Director of FCC Aqualia

Note 24 "Pension plans and similar obligations" describes the insurance taken out in favour of certain executive directors and directors.

Details of Board members who hold posts at companies in which Fomento de Construcciones y Contratas, S.A. has a direct or indirect ownership interest were as follows:

Name or corporate name of the director	Company name of the Group entity	Position
ALICIA ALCOECER KOPLOWITZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	CHAIRWOMAN
	REALIA BUSINESS, S.A.	DIRECTOR
GERARDO KURI KAUFMANN	CEMENTOS PORTLAND VALDERRIVAS, S.A.	CHIEF EXECUTIVE OFFICER
	REALIA BUSINESS, S.A.	CHIEF EXECUTIVE OFFICER
JUAN RODRÍGUEZ TORRES	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
	FCC AQUALIA, S.A.	DIRECTOR
	REALIA BUSINESS, S.A.	NON-EXECUTIVE CHAIRMAN
ALVARO VÁZQUEZ DE LAPUERTA	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
ALEJANDRO ABOUMRAD GONZÁLEZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	REPRESENTATIVE OF THE DIRECTOR INMOBILIARIA AEG, S.A. DE C.V.
	FCC AQUALIA, S.A.	DIRECTOR AND CHAIRMAN OF THE BOARD OF DIRECTORS
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.U.	CHAIRMAN
	FCC CONSTRUCCIÓN, S.A.	CHAIRMAN
PABLO COLIO ABRIL	FCC ENVIRONMENT (UK) LIMITED	DIRECTOR
	FCC MEDIO AMBIENTE REINO UNIDO, S.L.U.	DEPUTY CHAIRMAN
	FCC MEDIO AMBIENTE, S.A.U.	CHAIRMAN
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.U.	DEPUTY CHAIRMAN
	FCC AQUALIA, S.A.	DIRECTOR
	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
	FCC AUSTRIA ABFALL SERVICE AG	CHAIRMAN
ESTHER ALCOECER KOPLOWITZ	REALIA BUSINESS, S.A.	DIRECTOR
	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
CARMEN ALCOECER KOPLOWITZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR

In 2022, no significant transactions were performed entailing a transfer of assets or liabilities between Group companies and their executives and directors.

b) Situations of conflicts of interest

No conflict of interests have been directly or indirectly declared in the interest of Fomento de Construcciones y Contratas, S.A., in accordance with applicable regulations (Article 229 of the Spanish Corporate Enterprises Act), without prejudice to the operations of Fomento de Construcciones y Contratas, S.A. with its related parties reflected in this report or, as the case may be, of the agreements related to remuneration or appointment of positions. In this regard, when specific conflicts of interest have taken place with certain directors, they have been resolved in accordance with the procedure stipulated in the Board of Directors' Rules, with the directors involved abstaining from the corresponding debates and votes.

c) Operations between Group companies or entities

There are numerous transactions between Group companies that are part of their routine business and that, in any case, are eliminated in the process of preparing the consolidated financial statements.

The turnover of the attached consolidated income statement includes 133,495 thousand euros (140,983 thousand euros in 2021) from Group companies billing associates and joint ventures.

Likewise, purchases made from associates and joint ventures amounting to 18,501 thousand euros (31,194 thousand euros in 2021) are also included in the Group's consolidated financial statements.

d) Transactions with other related parties

During the year, a number of transactions were approved involving companies in which shareholders of Fomento de Construcciones y Contratas, S.A. own equity interests, the most significant of which were as follows:

- Execution of construction and service provision contracts between Group companies and investees by other parties related to the controlling shareholder, as follows:

Buyer	Seller	2022	2021
Realia Patrimonio, S.L.U.	FCC Industrial e Infraestructuras Energéticas S.A.U.	926	1,193
	FCC Medio Ambiente, S.A.	174	162
	Servicios Especiales de Limpieza,S.A.	508	496
	Fedemes,S.L.	24	13
	Fomento de Construcciones y Contratas, S.A.	2	-
Realia Business, S.A.	FCC Industrial e Infraestructuras Energéticas S.A.U.	-	2
	FCC Construcción, S.A.	6,326	12,001
	Fomento de Construcciones y Contratas, S.A.	163	142
	Fedemes,S.L.	130	101
	Residencial Turo del Mar, C.B.	9	-
	Jezzine Uno, S.L.U.	1	-
FCyC, S.A.	Aridos de Melo, S.L.	-	296
	FCC Construcción, S.A.	30,170	21,383
	FCC Ambito, S.A.	4	-
	FCC Medio Ambiente, S.A.	-	9
	Fomento de Construcciones y Contratas, S.A.	50	54
	Fedemes,S.L.	130	112
	Realia Business, S.A.	3,560	2,371
	Servicios Especiales de Limpieza,S.A.	134	-
Hermanos Revilla, S.A.	Fedemes,S.L.	25	-
	Realia Business, S.A.	95	15
Jezzine Uno S.L.U.	Fedemes,S.L.	6	-
AS Cancelas Siglo XXI, S.L	FCyC, S.A.	1,990	453
FCC Construcción, S.A.	FCyC, S.A.	-	2
Cementos Portland Valderrivas, S.A.	Realia Patrimonio, S.L.U.	429	90
Fomento de Construcciones y Contratas, S.A.	Realia Patrimonio, S.L.U.	10	11
Fedemes,S.L.	Realia Patrimonio, S.L.U.	5	-
		44,871	38,906

In addition, the following balance sheet balances are maintained:

Receivables	Payable	2022	2021
Realia Patrimonio, S.L.U.	Cementos Portland Valderrivas, S.A.	132	140
	Fomento de Construcciones y Contratas, S.A.	27	24
	FCC Industrial e Infraestructuras Energéticas S.A.U.	377	349
	FCC Medio Ambiente, S.A.	75	50
	Servicios Especiales de Limpieza,S.A.	273	309
	Fedemes,S.L.	48	1
Realia Business, S.A.	Fedemes,S.L.	13	38
	Fomento de Construcciones y Contratas, S.A.	70,122	120,000
	FCC Construcción, S.A.	4,629	3,386
	FCC Industrial e Infraestructuras Energéticas S.A.U.	52	27
	FCyC, S.A.	211	-
FCyC, S.A.	Asesoría financiera y de gestión, S.A.	257	21
	Fomento de Construcciones y Contratas, S.A.	118,474	32,258
	FCC Construcción, S.A.	3,316	4,857
	FCC Industrial e Infraestructuras Energéticas S.A.U.	7	-
	Costa Verde Habitat, S.L.	2,340	169
	Jezzine Uno, S.L.U.	17,618	-
	Realia Business, S.A.	1,437	1,423
	Fedemes,S.L.	13	-
	Fomento de Construcciones y Contratas, S.A.	Realia Patrimonio, S.L.U.	2,409
	Realia Business, S.A.	49	44
	FCyC, S.A.	32,649	23,017
Residencial Turo del Mar, C.B.	Realia Business, S.A.	2	3
Hermanos Revilla, S.A.	Servicios Especiales de Limpieza,S.A.	38	-
	Fedemes,S.L.	3	-
Jezzine Uno, S.L.U.	FCyC, S.A.	3,044	-
	Realia Business, S.A.	28	36
AS Cancelas Siglo XXI, S.L.	Realia Business, S.A.	8319	52
FCC Industrial e Infraestructuras Energéticas S.A.U.	Realia Patrimonio, S.L.U.	47	-
	Realia Business, S.A.	13	30
FCC Construcción, S.A.	FCyC, S.A.	105	-
	Realia Business, S.A.	459	-
Fedemes,S.L.	Realia Patrimonio, S.L.U.	186	-
Vela Borovica Konzern D.O.O.	FCyC, S.A.	126	126
Realia Business, S.A.	Residencial Turo del Mar, C.B.	291	80
		267,189	189,104

- Agreement for the provision of services between Fomento de Construcciones y Contratas, S.A. and Vilafulder Corporate Group, S.L.U. for a total annual amount of €338 thousand.
- Agreement for the provision of services between Cementos Portland Valderrivas, S.A. and Gerardo Kuri Kaufmann for €175 thousand.
- Agreement for the provision of services between Realía Business, S.A. and Gerardo Kuri Kaufmann for €175 thousand.
- In the framework of the debt refinancing associated with the Spanish activities of the Cementos Portland Valderrivas Group in 2016, a subordinated loan agreement was entered into with Banco Inbursa, S.A., Institución de Banca Múltiple, with carrying amount at 31 December 2022 of 70,405 thousand euros (70,085 thousand euros in 2021). On 20 October 2022, the extension of its maturity until 20 October 2025 was signed off. The financial expenses accrued during the year amounted to 1,630 thousand euros.
- Contract for the provision of IT services by Claro Enterprise Solutions, S.L. to Fomento de Construcciones y Contratas, S.A. in the amount of 15,662 thousand euros (13,446 thousand euros in 2021).
- Contracts entered into between Realía Business, S.A. and FCyC, S.A., the purpose of which is the management and marketing, respectively, of residential real estate developments, on plots 18 in Sant Joan Despí, Phase II and plots RU18 and RC-2B in Tres Cantos, Madrid.
- Contract for the reinforcement of air conditioning in the office building at Calle Acanto 22 in Madrid, between FCC Industrial and Infraestructuras Energéticas, S.A.U., and Realía Patrimonio, S.L.U., for the sum of €33 thousand.
- Contract for the services provided by FCyC, S.A. to Realía Business, S.A. (legal and administrative assistance, technical and legal assistance in the United Kingdom) for the sum of 349 thousand euros.
- Contract for the services provided by Realía Business, S.A. to FCyC, S.A. (Technical assistance in the acquisition, management and development of Realía land in Spain, management of Valaise real estate and territorial representation in Catalonia) for the sum of €334 thousand.

In addition, other transactions are carried out on an arm's length basis, mainly telephone and internet access services, with related parties related to the majority shareholder for an insignificant amount.

e) Mechanisms established to detect, determine and resolve possible conflicts of interest between the Parent Company and/or its Group and its directors, executives or significant shareholders.

The FCC Group has established precise mechanisms to detect, determine and resolve possible conflicts of interest between Group companies and their directors, executives and significant shareholders, as indicated in article 20 et seq. of the Board Regulations.

31. FEES PAID TO AUDITORS

The fees for audit services accrued in 2022 and 2021 for audit services and other assurance services, as well as other professional services, provided to the various Group and jointly managed companies comprising the FCC Group by the principal auditor and other auditors participating in the audit of the various Group companies, and also by entities related to them, both in Spain and abroad, are shown in the following table:

	2022			2021		
	Principal auditor	Other auditors	Total	Principal auditor	Other auditors	Total
Audit services	3,880	705	4,585	3,375	613	3,988
Other assurance services	333	241	574	336	1,037	1,373
Total Audit and Related Services	4,213	946	5,159	3,711	1,650	5,361
Tax advisory services	-	1,354	1,354	4	1,545	1,549
Other services	-	1,894	1,894	5	1,011	1,016
Total professional services	-	3,248	3,248	9	2,556	2,565
TOTAL	4,213	4,194	8,407	3,720	4,206	7,926

32. EVENTS AFTER THE CLOSING DATE

There have been no significant events between the end of the year and the date of preparation of these financial statements.

ANNEX I

SUBSIDIARIES
SUBSIDIARIES

Company	Address/Registered office	% Effective ownership	Auditor
ENVIRONMENTAL SERVICES			
Alfonso Benítez, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Armigesa, S.A.	Paseo de Extremadura s/n – Armilla (Granada)	51.00	Moore
Azincourt Investment, S.L.	Federico Salmón, 13 – Madrid	100.00	
Corporación Inmobiliaria Ibérica, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	
Ecoactiva de Medio Ambiente, S.A.	Ctra. Puebla Albortón a Zaragoza Km. 25– Zaragoza	60.00	Vaciero Auditores
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	Portugal	53.63	Ernst & Young
Ecogenesis Societe Anonime Rendering of Cleansing and Waste Management Services	Greece	51.00	
Ecoparque Mancomunidad del Este, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Egypt Environmental Services, S.A.E.	Egypt	100.00	Ernst & Young
Empresa Comarcal de Serveis Mediambientals del Baix Penedés – ECOBP, S.L.	Plaça del Centre, 5 – El Vendrell (Tarragona)	66.60	Capital Auditors
Energyloop, S.A.		55.00	Ernst & Young
Enviropower Investments Limited	United Kingdom	100.00	Ernst & Young
FCC Àmbito, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
FCC Environment Portugal, S.A.	Portugal	100.00	Ernst & Young
FCC Environment Services (UK) Limited	United Kingdom	100.00	Ernst & Young
FCC Environmental Services CA	USA	100.00	
FCC Environmental Services Florida Llc.	USA	100.00	
FCC Environmental Services Nebraska Llc.	USA	100.00	

Company	Address/Registered office	% Effective ownership	Auditor
FCC Environmental Services Texas Llc.	USA	100.00	
FCC Environmental Services (USA) Llc.	USA	100.00	
FCC Equal CEE, S.L.	Federico Salmón, 13 – Madrid	100.00	
FCC Equal CEE Andalucía, S.L.	Av. Molière, 36 – Málaga	100.00	Atenea
FCC Equal CEE Baleares, S.L.U.		100.00	
FCC Equal CEE Canarias, S.L.U.		100.00	
FCC Equal CEE C. Valenciana, S.L.	Riu Magre, 6 P.I. Patada del Cid – Quart de Poblet (Valencia)	100.00	
FCC Equal CEE Murcia, S.L.	Luis Pasteur, 8 – Cartagena (Murcia)	100.00	
FCC Medio Ambiente, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
FCC Medio Ambiente Reino Unido, S.L.Unipersonal	Av. Camino de Santiago, 40 – Madrid	100.00	Ernst & Young
FCC Medioambiente Internacional, S.L.U.	Av. Camino de Santiago, 40 – Madrid	100.00	
FCC Servicios Medio Ambiente Holding, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Gamasur Campo de Gibraltar, S.L.	Antigua Ctra. de Jimena de la Frontera, s/n – Los Barrios (Cádiz)	100.00	
Gandia Serveis Urbans, S.A.	Llanterners, 6 – Gandia (Valencia)	95.00	Vaciero Auditores
Geneus Canarias, S.L.	Electricista, 2. U.I. de Salinetas – Telde (Las Palmas)	100.00	
Gestió i Recuperació de Terrenys, S.A. Unipersonal	Balmes, 36 Entresuelo – Barcelona	80.00	Vaciero Auditores
Gipuzkoa Ingurumena BI, S.A.	Polígono Industrial Zubiondo Par A.5. – Hernani (Gipuzkoa)	92.00	Ernst & Young
Golrib, Soluções de Valorização de Resíduos Lda.	Portugal	55.00	Ernst & Young
Houston Waste Services, LLC	USA	100.00	
Houston Waste Solutions, LLC	USA	100.00	
Industria Reciclaje de RAEES, S.L.	Crta. Santander, KM 61.50 - Osorno la Mayor (Palencia)	98.54	
Integraciones Ambientales de Cantabria, S.A.	Monte de Carceña Cr CA-924 Pk 3,280 – Castañeda (Cantabria)	90.00	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
International Services Inc., S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	100.00	
Jaime Franquesa, S.A.	P.I. Zona Franca Sector B calle D 49 – Barcelona	100.00	
Jaume Oro, S.L.	Av. del Bosc, s/n P.I. Hostal Nou – Bellpuig (Lleida)	100.00	
Limpieza e Higiene de Cartagena, S.A.	Luis Pasteur, 8 – Cartagena (Murcia)	90.00	Ernst & Young
Limpiezas Urbanas de Mallorca, S.A.	Ctra. Santa Margalida-Can Picafort – Santa Margalida (Balearic Islands)	100.00	Ernst & Young
Premier Waste Services, LLC.	USA	100.00	
Reciclado de Componentes Electrónicos, S.A.	Calle El Matorral (Parque Actividades Medioambientales) – Aznalcóllar (Sevilla)	100.00	KPMG
Recuperació de Pedreres, S.L.	Balmes, 36 Entresuelo – Barcelona	80.00	
Serveis Municipals de Neteja de Girona, S.A.	Pl. del Vi, 1 - Girona	75.00	
Servicio de Recogida y Gestión de Residuos Sólidos Urbanos del Consorcio Vega Sierra Elvira, S.A.	Antonio Huertas Remigio, 9 – Maracena (Granada)	60.00	Capital Auditors
Servicios Especiales de Limpieza, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Sistemas y Vehículos de Alta Tecnología, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Societat Municipal Mediambiental d'Igualada, S.L.	Pl. de l'Ajuntament, 1 – Igualada (Barcelona)	65.91	Vaciero Auditores
Telford & Wrekin Services Limited	United Kingdom	100.00	Ernst & Young
Tratamientos y Recuperaciones Industriales, S.A.	Balmes, 36 Entresuelo – Barcelona	75.00	Capital Auditors
Valoración y Tratamiento de Residuos Urbanos, S.A.	Riu Magre, 6 – P.I. Patada del Cid – Quart de Poblet (Valencia)	80.00	Capital Auditors
Valorización y Tratamiento de Residuos, S.A.	Alameda de Mazarredo, 15-4º A – Bilbao (Biscay)	100.00	Vaciero Auditores
FCC Group - CEE			
Agadax s.r.o.	Czech Republic	100.00	
ASMJ s.r.o.	Czech Republic	51.00	
FCC .A.S.A. Hódmezővásárhely Köztisztasági Kft	Hungary	61.83	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
FCC Abfall Service Betriebs GmbH	Austria	100.00	
FCC Austria Abfall Service AG	Austria	100.00	Ernst & Young
FCC BEC s.r.o.	Czech Republic	100.00	Ernst & Young
FCC Bratislava s.r.o.	Slovakia	100.00	
FCC Centrum Nonprofit Kft.	Hungary	100.00	Ernst & Young
FCC Česká Republika s.r.o.	Czech Republic	100.00	Ernst & Young
FCC České Budějovice s.r.o.	Czech Republic	75.00	Ernst & Young
FCC Dačice s.r.o.	Czech Republic	60.00	Ernst & Young
FCC Eko d.o.o.	Serbia	100.00	Ernst & Young
FCC EKO Polska sp. z.o.o.	Poland	100.00	Ernst & Young
FCC Eko-Radomsko sp. z.o.o.	Poland	100.00	
FCC Entsorga Entsorgungs GmbH & Co. Nfg KG	Austria	100.00	
FCC Environment CEE GmbH	Austria	100.00	Ernst & Young
FCC Environment Romania S.R.L.	Rumania	100.00	Ernst & Young
FCC Freistadt Abfall Service GmbH	Austria	100.00	
FCC Halbenrain Abfall Service GmbH & Co. Nfg KG	Austria	100.00	
FCC HP s.r.o.	Czech Republic	100.00	Ernst & Young
FCC Industrieviertel Abfall Service GmbH & Co. Nfg KG	Austria	100.00	
FCC Inerta Engineering & Consulting GmbH	Austria	100.00	
FCC Kikinda d.o.o.	Serbia	80.00	Ernst & Young
FCC Liberec s.r.o.	Czech Republic	55.00	Ernst & Young
FCC Litovel s.r.o.	Czech Republic	49.00	

Company	Address/Registered office	% Effective ownership	Auditor
FCC Lublienec sp. z.o.o.	Poland	61.97	
FCC Magyarország Kft	Hungary	100.00	Ernst & Young
FCC Mostviertel Abfall Service GmbH	Austria	100.00	
FCC Neratovice s.r.o.	Czech Republic	100.00	
FCC Neunkirchen Abfall Service GmbH	Austria	100.00	
FCC Podhale sp. z.o.o.	Poland	100.00	Ernst & Young
FCC Prostějov s.r.o.	Czech Republic	75.00	Ernst & Young
FCC Regios a.s.	Czech Republic	99.99	Ernst & Young
FCC Slovensko s.r.o.	Slovakia	100.00	Ernst & Young
FCC Tarnobrzeg.sp. z.o.o.	Poland	59.72	Ernst & Young
FCC Textil2Use GmbH	Austria	100.00	
FCC Trnava s.r.o.	Slovakia	50.00	Ernst & Young
FCC Únanov s.r.o.	Czech Republic	66.00	
FCC Vrbak d.o.o.	Serbia	51.00	
FCC Wiener Neustadt Abfall Service GmbH	Austria	100.00	
FCC Žabčice s.r.o.	Czech Republic	80.00	Ernst & Young
FCC Zabovresky s.r.o.	Czech Republic	89.00	
FCC Zisterdorf Abfall Service GmbH	Austria	100.00	Ernst & Young
FCC Znojmo s.r.o.	Czech Republic	49.66	Ernst & Young
FCC Zohor.s.r.o.	Slovakia	85.00	Ernst & Young
FCC Śląsk Sp. z o.o.	Poland	80.00	Ernst & Young
Obsed a.s.	Czech Republic	100.00	

Company	Address/Registered office	% Effective ownership	Auditor
Quail spol. s.r.o.	Czech Republic	100.00	Ernst & Young
Siewierskie Przedsiębiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland	60.00	
FCC Environment Group (UK)			
3C Holding Limited	United Kingdom	100.00	Ernst & Young
3C Waste Limited	United Kingdom	100.00	Ernst & Young
Allington O & M Services Limited	United Kingdom	100.00	Ernst & Young
Allington Waste Company Limited	United Kingdom	100.00	Ernst & Young
Anti-Waste (Restoration) Limited	United Kingdom	100.00	Ernst & Young
Anti-Waste Limited	United Kingdom	100.00	Ernst & Young
Arnold Waste Disposal Limited	United Kingdom	100.00	Ernst & Young
BDR Property Limited	United Kingdom	80.00	Ernst & Young
BDR Waste Disposal Limited	United Kingdom	100.00	Ernst & Young
Darrington Quarries Limited	United Kingdom	100.00	Ernst & Young
Derbyshire Waste Limited	United Kingdom	100.00	Ernst & Young
East Waste Limited	United Kingdom	100.00	Ernst & Young
FCC Environment (Berkshire) Ltd.	United Kingdom	100.00	Ernst & Young
FCC Environment (UK) Limited	United Kingdom	100.00	Ernst & Young
FCC Environment Limited	United Kingdom	100.00	Ernst & Young
FCC Environment Lostock Limited	United Kingdom	100.00	
FCC Environmental Services Limited	United Kingdom	100.00	
FCC Recycling (UK) Limited	United Kingdom	100.00	Ernst & Young
FCC Waste Services (UK) Limited	United Kingdom	100.00	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
FCC Wrexham PFI Holdings Limited	United Kingdom	100.00	Ernst & Young
FCC Wrexham PFI Limited	United Kingdom	100.00	Ernst & Young
FCC Wrexham PFI (Phase II Holding) Ltd.	United Kingdom	100.00	Ernst & Young
FCC Wrexham PFI (Phase II) Ltd.	United Kingdom	100.00	Ernst & Young
Finstop Limited	United Kingdom	100.00	
Focsa Services (UK) Limited	United Kingdom	100.00	
Hykeham O&M Services Limited	United Kingdom	100.00	Ernst & Young
Integrated Waste Management Limited	United Kingdom	100.00	Ernst & Young
Landfill Management Limited	United Kingdom	100.00	Ernst & Young
Lincwaste Limited	United Kingdom	100.00	Ernst & Young
Norfolk Waste Limited	United Kingdom	100.00	Ernst & Young
Pennine Waste Management Limited	United Kingdom	100.00	Ernst & Young
RE3 Holding Limited	United Kingdom	100.00	Ernst & Young
RE3 Limited	United Kingdom	100.00	Ernst & Young
T Shooter Limited	United Kingdom	100.00	
Waste Recovery Limited	United Kingdom	100.00	
Waste Recycling Group (Central) Limited	United Kingdom	100.00	Ernst & Young
Waste Recycling Group (Scotland) Limited	United Kingdom	100.00	Ernst & Young
Waste Recycling Group (UK) Limited	United Kingdom	100.00	Ernst & Young
Waste Recycling Group (Yorkshire) Limited	United Kingdom	100.00	Ernst & Young
Wastenotts O & M Services Limited	United Kingdom	100.00	Ernst & Young
Welbeck Waste Management Limited	United Kingdom	100.00	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
WRG (Midlands) Limited	United Kingdom	100.00	Ernst & Young
WRG (Northern) Limited	United Kingdom	100.00	Ernst & Young
WRG Acquisitions 2 Limited	United Kingdom	100.00	Ernst & Young
WRG Environmental Limited	United Kingdom	100.00	Ernst & Young
WRG Waste Services Limited	United Kingdom	100.00	
FCC Group - PFI Holdings			
FCC Lostock Holdings Limited	United Kingdom	100.00	Ernst & Young
FCC PFI Holdings Limited	United Kingdom	100.00	Ernst & Young
Green Recovery Group			
FCC (E&M) Holdings Ltd.	United Kingdom	51.00	Ernst & Young
FCC (E&M) Ltd.	United Kingdom	51.00	Ernst & Young
FCC Buckinghamshire Holdings Limited	United Kingdom	51.00	Ernst & Young
FCC Buckinghamshire Limited	United Kingdom	51.00	Ernst & Young
FCC Buckinghamshire (Support Services) Limited	United Kingdom	51.00	Ernst & Young
FCC Energy Holdings Ltd	United Kingdom	51.00	Ernst & Young
FCC Energy Limited	United Kingdom	51.00	Ernst & Young
FCC Environment (Lincolnshire) Ltd.	United Kingdom	51.00	Ernst & Young
FCC Environment Developments Ltd.	United Kingdom	51.00	Ernst & Young
Green Energy Finance Solutions Ltd	United Kingdom	51.00	Ernst & Young
Green Recovery Projects Ltd	United Kingdom	51.00	Ernst & Young
Kent Energy Limited	United Kingdom	51.00	Ernst & Young
Kent Enviropower Limited	United Kingdom	51.00	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
Wastenotts (Reclamation) Limited	United Kingdom	51.00	Ernst & Young
AQUALIA			
Abrantaqua – Serviço de Aguas Residuais Urbanas do Municipio De Abrantes, S.A.	Portugal	30.60	Oliveira, Reis & Associados
Acque di Caltanissetta, S.p.a.	Italy	50.78	Ernst & Young
Aguas de Albania, S.A. E.S.P.	Colombia	45.90	Deloitte
Aguas de Aracataca, S.A.S.	Colombia	48.45	Deloitte
Aguas del Sur del Atlántico, S.A. E.S.P.	Colombia	25.50	Deloitte
Aguas de la Península, S.A. E.S.P.	Colombia	51.00	Deloitte
Aguas de la Sabana, S.A. E.S.P.	Colombia	40.70	
Aguas de las Galeras, S.L.	Av. Camino de Santiago, 40 – Madrid	51.00	
Aigües de Vallirana, S.A. Unipersonal	Conca de Tremp, 14 – Vallirana (Barcelona)	51.00	
Aqua Campiña, S.A.	Blas Infante, 6 – Écija (Seville)	45.90	Capital Auditors
Aquaervas – Aguas de Elvas, S.A.	Portugal	51.00	Ernst & Young
Aquafundalia – Agua do Fundão, S.A.	Portugal	51.00	Ernst & Young
Aquajerez, S.L.	Cristalería, 24 – Cádiz	51.00	Ernst & Young
Aquamag, S.A.S. E.S.P.	Colombia	51.00	Deloitte
Aqualia Czech, S.L.	Av. Camino de Santiago, 40 – Madrid	51.00	Ernst & Young
Aqualia Desalación Guaymas, S.A. de C.V.	Mexico	51.00	Ernst & Young
Aqualia Flandes S.A.S. E.S.P.	Colombia	51.00	Baker & Tilly
Aqualia France	France	51.00	SNR Audit
Aqualia Gestión Los Cabos SACV	Mexico	51.00	
Aqualia Infraestructuras d.o.o. Beograd-Vracar	Serbia	51.00	

Company	Address/Registered office	% Effective ownership	Auditor
Aqualia Infraestructuras d.o.o. Mostar	Bosnia-Herzegovina	51.00	
Aqualia Infraestructuras Inzenyring, s.r.o.	Czech Republic	51.00	CMC Audit s.r.o.
Aqualia Infraestructuras Montenegro (AIM) d.o.o. Niksic	Montenegro	51.00	
Aqualia Infraestructuras Pristina LLC	Kosovo	51.00	
Aqualia Intech, S.A.	Av. Camino de Santiago, 40 – Madrid	51.00	Ernst & Young
Aqualia Latinoamérica, S.A.	Colombia	51.00	Ernst & Young
Aqualia Mace Contracting, Operation & General Maintenance LLC.	United Arab Emirates	26.01	Deloitte
Aqualia Mace Qatar	Qatar	26.01	Mazars
Aqualia México, S.A. de C.V.	Mexico	51.00	Ernst & Young
Aqualia Portugal, S.A.	Portugal	51.00	Ernst & Young
Aqualia Villa del Rosario, S.A.	Colombia	51.00	Ernst & Young
Aquamaior – Aguas de Campo Maior, S.A.	Portugal	51.00	Ernst & Young
Aquos El Realito, S.A. de C.V.	Mexico	26.01	Ernst & Young
C.E.G. S.P.A. Simplifiée	France	51.00	SNR Audit
Cartagua, Aguas do Cartaxo, S.A.	Portugal	30.60	Oliveira, Reis & Asociados
Compagnie Armoricaine Des Eaux	France	51.00	
Compañía Onubense de Aguas, S.A.	Av. Martín Alonso Pinzón, 8 – Huelva	30.60	
Conservación y Sistemas, S.A.	Federico Salmón, 13 – Madrid	51.00	Ernst & Young
Depurplan 11, S.A.	Madre Rafols, 2 – Zaragoza	51.00	Capital Auditors
Ecosistema de Morelos S.A. de C.V.	Mexico	51.00	CTS Consultores
Empresa Gestora de Aguas Linenses, S.L.	Federico Salmón, 13 – Madrid	51.00	
Empresa Mixta de Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A.	Princesa, 3 – Madrid	35.70	

Company	Address/Registered office	% Effective ownership	Auditor
Entemanser, S.A.	Castillo, 13 – Adeje (Santa Cruz de Tenerife)	49.47	Ernst & Young
FCC Aqualia, S.A.	Av. Camino de Santiago, 40 – Madrid	51.00	Ernst & Young
FCC Aqualia América, S.A. Unipersonal	Uruguay, 11 – Vigo (Pontevedra)	51.00	
FCC Aqualia U.S.A. Corp	USA	51.00	Berkowitz Pollack Brant
Flores, Rebollo y Morales, S.L.	Urbanización Las Buganvillas, 4 – Vera (Almería)	30.60	
Genesis Lodos, S.L.	Avda. Kansas City, 9 - Seville	40.80	
H.A.A. & CO. Integrated Services	Saudi Arabia	26.01	Ernst & Young
Hidrotec Tecnología del Agua, S.L. Unipersonal	Pincel, 25 – Seville	51.00	Ernst & Young
Infraestructuras y Distribución General de Aguas, S.L.U.	La Presa, 14 – Adeje (Santa Cruz de Tenerife)	51.00	Ernst & Young
Naunet, S.A.S.	Colombia	51.00	Deloitte
Qatarat Saquia Desalination	Saudi Arabia	26.01	Ernst & Young
Saur Colombia, S.A.S.	Colombia	51.00	
Servicios Hídricos Agricultura y Ciudad, S.L.U.	Alfonso XIII – Sabadell (Barcelona)	51.00	
Severomoravske Vodovody a Kanalizace Ostrava, a.s.	Czech Republic	51.00	Ernst & Young
Shariket Tahlya Miyah Mostaganem, S.P.A.	Algeria	13.01	Samir Hadj Ali
Sociedad Española de Aguas Filtradas, S.A.	Jacometrezo, 4 – Madrid	51.00	Ernst & Young
Sociedad Ibérica del Agua, S.A. Unipersonal	Federico Salmón, 13 – Madrid	51.00	
Società des Eaux de Fin d'Oise, S.A.S.	France	51.00	SNR Audit
South Cluster SPV Llc	Saudi Arabia	22.95	
Tratamiento Industrial de Aguas, S.A.	Federico Salmón, 13 – Madrid	51.00	Ernst & Young
Vodotech, spol. s.r.o.	Czech Republic	51.00	CMC Audit s.r.o.
Water Sur, S.L.	Urbanización Las Buganvillas, 4 – Vera (Almería)	30.60	

Company	Address/Registered office	% Effective ownership	Auditor
GGU Group			
Aqualia Georgia Ll.	Georgia	51.00	
Gardabani Sewage Treatment Plant Ll.	Georgia	40.80	
Georgia Global Utilities JSC	Georgia	40.80	Ernst & Young
Georgian Energy Trading Company Ll.	Georgia	40.80	
Georgian Engineering and Management	Georgia	40.80	
Georgian Water and Power Ll.	Georgia	40.80	Ernst & Young
Rustavi Water Ll.	Georgia	40.80	Ernst & Young
Saguramo Energy Ll.	Georgia	40.80	
CONSTRUCTION			
ACE Scutmadeira Sistemas de Gestao e Controlo de Tráfego	Portugal	100.00	
Áridos de Melo, S.L.	Finca la Barca y el Ballestar, s/n – Barajas de Melo (Cuenca)	100.00	Capital Auditors
Colombiana de Infraestructuras, S.A.S.	Colombia	100.00	ASTAF Auditores y Consultores
Concesiones Viales S. de R.L. de C.V.	Mexico	100.00	
Concretos Estructurales, S.A.	Nicaragua	100.00	
Conservial Infraestructuras, S.L.	Federico Salmón, 13 – Madrid	100.00	
Consortio FCC Iquique Ltda.	Chile	100.00	
Construcción Infraestructuras y Filiales de México, S.A. de C.V.	Mexico	52.00	
Construcciones Hospitalarias, S.A.	Panama	100.00	Ernst & Young
Constructora Meco-Caabsa, S.A. de C.V.	El Salvador	60.00	
Constructora Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	85.60	Ernst & Young
Contratas y Ventas, S.A.	Av. de Santander, 3 1º – Oviedo (Asturias)	100.00	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
Desarrollo y Construcción DEYCO CRCA, S.A.	Costa Rica	100.00	
Edificadora MSG, S.A. (Panama)	Panama	100.00	
Edificadora MSG, S.A. de C.V. (El Salvador)	El Salvador	100.00	
Edificadora MSG, S.A. de C.V. (Nicaragua)	Nicaragua	100.00	
FCC Américas, S.A. de C.V.	Mexico	50.00	
FCC Américas Panamá, S.A.	Panama	50.00	Ernst & Young
FCC Colombia, S.A.S.	Colombia	100.00	ASTAF Auditores y Consultores
FCC Construcción, S.A.	Balmes, 36 – Barcelona	100.00	Ernst & Young
FCC Construcción América, S.A.	Costa Rica	100.00	Ernst & Young
FCC Construcción Chile, SPA	Chile	100.00	
FCC Construcción Costa Rica, S.A.	Costa Rica	100.00	Ernst & Young
FCC Construcción de México, S.A. de C.V.	Mexico	100.00	Ernst & Young
FCC Construcción Perú, S.A.C.	Perú	100.00	
FCC Constructii Romania, S.A.	Rumania	100.00	
FCC Construction Australia Pty Ltd	Australia	100.00	
FCC Construction Inc.	USA	100.00	
FCC Construction International B.V.	Netherlands	100.00	
FCC Construction Ireland DAC	Ireland	100.00	Mazars
FCC Construction Northern Ireland Limited	United Kingdom	100.00	Mazars
FCC Construções do Brasil Ltda.	Brazil	100.00	
FCC Edificadora CR, S.A.	Costa Rica	100.00	
FCC Electromechanical LLC.	Saudi Arabia	100.00	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
FCC Elliott Construction DAC	Ireland	100.00	Mazars
FCC Industrial de Panamá, S.A.	Panama	100.00	
FCC Industrial e Infraestructuras Energéticas, S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	100.00	Ernst & Young
FCC Industrial Perú, S.A.	Perú	100.00	
FCC Industrial UK Limited	United Kingdom	100.00	Mazars
FCC Immobilien Holding GmbH	Germany	100.00	
FCC Servicios Industriales y Energéticos México, S.A. de C.V.	Mexico	100.00	Ernst & Young
FCC Soluciones de Seguridad y Control, S.L.	Federico Salmón, 13 – Madrid	100.00	
Fomento de Construcciones y Contratas Canadá Ltd.	Canada	100.00	
Impulsora de Proyectos Proserme, S.A. de C.V.	Mexico	100.00	
Mantenimiento de Infraestructuras, S.A.	Federico Salmón, 13 2a planta – Madrid	100.00	Ernst & Young
Meco Santa Fe Limited	Belize	100.00	
Megaplás, S.A. Unipersonal	Hilanderas, 4-14 – La Poveda – Arganda del Rey (Madrid)	100.00	Ernst & Young
Megaplás Italia, S.p.A.	Italy	100.00	Collegio Sindicale
Participaciones Teide, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	
Prefabricados Delta, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Servicios Dos Reis, S.A. de C.V.	Mexico	100.00	
CEMENT			
Áridos de Navarra, S.A.	Estella, 6, Pamplona (Navarre)	65.67	
Canteras de Alaiz, S.A.	Dormilatería, 72 – Pamplona (Navarre)	69.67	Ernst & Young
Cementos Alfa, S.A.	María Tubau, 9 – 4 planta – Madrid	87.62	Ernst & Young
Cementos Portland Valderrivas, S.A.	Dormilatería, 72 – Pamplona (Navarre)	99.51	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
Dragon Alfa Cement Limited	United Kingdom	87.62	Ernst & Young
Dragon Portland Limited	United Kingdom	99.51	Ernst & Young
Intermonte Investments, S.A.	Plaza de Castilla, 216. Torre Realía	99.51	
Prebesec Mallorca, S.A.	Conradors (P.I. Marratxi) - Marratxi (Balearic Islands)	67.98	
Société des Ciments d'Enfidha	Tunisia	87.43	Ernst & Young
Surgyps, S.A.	Plaza de Castilla, 216. Torre Realía	99.51	
Tratamiento Escombros Almoguera S.L.	Plaza de Castilla, 216. Torre Realía	50.78	
Uniland Acquisition Corporation	USA	99.51	
Uniland International B.V.	Netherlands	99.51	
Uniland Trading B.V.	Netherlands	99.51	
CONCESSIONS			
Autovía Conquense, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	Ernst & Young
Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	85.60	Ernst & Young
FCC Concesiones Al Ansar, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	
FCC Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 – Madrid	100.00	
PPP Infraestructure Investments B.V.	Netherlands	100.00	
Sociedad Concesionaria Tranvía de Murcia, S.A.	Paseo de la Ladera, 79– Murcia	100.00	Deloitte
Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 – Madrid	100.00	
REAL ESTATE			
Costa Verde Habitat, S.L.	Av. Camino de Santiago, 40 – Madrid	80.03	
FCyC, S.A.	Federico Salmón, 13 – Madrid	80.03	Ernst & Young
FCC Real Estate (UK) Limited	United Kingdom	80.03	

Company	Address/Registered office	% Effective ownership	Auditor
Jezzine Uno, S.L. Unipersonal	Av. Camino de Santiago, 40 – Madrid	80.03	Crowe
Realia Group			
Boane 2003, S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	15.80	
Guillena Golf, S.L. Unipersonal	Paseo de la Castellana, 216 – Madrid	42.81	
Hermanos Revilla, S.A.	Av. Camino de Santiago, 40 – Madrid	14.03	Ernst & Young
Inversiones Inmobiliarias Rústicas y Urbanas 2000, S.L.	Av. Camino de Santiago, 40 – Madrid	28.55	
Planigesa, S.A.	Av. Camino de Santiago, 40 – Madrid	32.53	
Realia Business, S.A.	Av. Camino de Santiago, 40 – Madrid	42.81	Ernst & Young
Realia Contesti, S.R.L.	Rumania	42.81	
Realia Patrimonio, S.L.U.	Av. Camino de Santiago, 40 – Madrid	42.81	Ernst & Young
Servicios Índice, S.A.	Av. Camino de Santiago, 40 – Madrid	38.70	
Valaise, S.L. Unipersonal	Av. Camino de Santiago, 40 – Madrid	42.81	
Vela Borovica Konzern d.o.o.	Croatia	80.03	
OTHER ACTIVITIES			
Asesoría Financiera y de Gestión, S.A.	Federico Salmón, 13 – Madrid	100.00	
Cemark - Mobiliario Urbano e Publicidade, S.A.	Portugal	100.00	Ernst & Young
FCC Midco, S.A.	Luxembourg	100.00	
FCC Topco, S.A.R.L.	Luxembourg	100.00	
FCC Versia, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	Baker & Tilly
Fedemes, S.L.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young

ANNEX II

COMPANIES JOINTLY CONTROLLED WITH THIRD PARTIES OUTSIDE THE GROUP

(CONSOLIDATED USING THE EQUITY METHOD)

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2022	2021		
ENVIRONMENTAL SERVICES					
Atlas Gestión Medioambiental, S.A.	Viriato, 47 – Barcelona	7,547	8,627	50.00	Ernst & Young
Ecoparc del Besós, S.A.	Av. Torre d'en Mateu. P.I. Can Salvatella s/n – Barcelona	8,398	7,389	49.00	Castellà Auditors Consultors S.L.P.
Ecoserveis Urbans de Figueres, S.L.	Av. de les Alegries, s/n – Lloret de Mar (Girona)	113	121	50.00	
Electrorecycling, S.A.	Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	1,742	1,319	33.34	Audinform
Empresa Mixta de Limpieza de la Villa de Torrox, S.A.	Plaza de la Constitución, 1 – Torrox (Málaga)	308	326	50.00	Audinform
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A.	Barrio Las Zorreras, 8 – Rincón de la Victoria (Málaga)	299	305	50.00	Audinform
Fisera Ecoserveis, S.A.	Alemanya, 5 – Figueres (Girona)	217	179	36.36	Auditoria i Control Auditors S.L.P.
Gestión y Valorización Integral del Centro, S.L.	De la Tecnología, 2. P.I. Los Olivos – Getafe (Madrid)	430	372	50.00	Capital Auditors
Ingeniería Urbana, S.A.	Calle l esquina calle 3, P.I. Pla de la Vallonga – Alicante	4,251	4,209	35.00	Baker & Tilly
Mediaciones Comerciales Ambientales, S.L.	Av. Barcelona, 109. P.5 – Sant Joan Despí (Barcelona)	916	619	50.00	
Palacio de Exposiciones y Congresos de Granada, S.A.	Paseo del Violón, s/n – Granada	(3,312)	(2,660)	50.00	Hispanobelga Economistas Auditores, S.L.P.
Pilagest, S.L.	Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	209	614	50.00	
Reciclado de Componentes Electrónicos, S.A.	Calle El Matorral (Parque Actividades Medioambientales) – Aznalcóllar (Sevilla)	–	3,129	50.00	KPMG

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2022	2021		
Servicios Urbanos de Málaga, S.A.	Av. Camino de Santiago, 40 – Madrid	1,915	3,191	51.00	
Tratamiento Industrial de Residuos Sólidos, S.A.	Rambla Cataluña, 91 – Barcelona	982	1,037	33.33	Castellà Auditors Consultors S.L.P.
Zabalgardi, S.A.	Camino Artigabidea, 10 – Bilbao (Biscay)	15,988	13,834	30.00	KPMG
FCC Environment Group (UK)	United Kingdom	19,131	10,261	100.00	
Beacon Waste Limited	United Kingdom	–	–	50.00	Ernst & Young
Mercia Waste Management Ltd.	United Kingdom	–	–	50.00	Ernst & Young
Severn Waste Services Limited	United Kingdom	–	–	50.00	Ernst & Young
AQUALIA					
Aguas de Langreo, S.L.	Alonso del Riesgo, 3 – Langreo (Asturias)	829	853	24.99	Capital Auditors
Aguas de Narixa, S.A.	Málaga, 11 – Nerja (Málaga)	531	308	25.50	Capital Auditors
Aigües de Girona, Salt i Sarrià del Ter, S.A.	Ciudadans, 11 – Gerona	162	162	13.71	
Compañía de Servicios Medioambientales do Atlántico, S.A.	Estrada de Cedeira Km. 1 – Narón (La Coruña)	296	299	24.99	Kreston Iberaudit
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	Mexico	(2,996)	(2,995)	12.50	Deloitte
Empresa Municipal de Aguas de Benalmádena EMABESA, S.A.	Explanada de Tivoli, s/n – Arroyo de la Miel (Málaga)	1,393	1,596	25.50	Audinfor
Girona, S.A.	Travesía del Carril, 2 – Gerona	1,614	1,650	17.14	Cataudit Auditors Associats, S.L.
HA Proyectos Especiales Hidráulicos S. de R.L. de C.V.	Mexico	1,160	1,045	25.25	Grant Thornton SC
Orasqualia Construction, S.A.E.	Egypt	(67)	(100)	25.50	KPMG
Orasqualia for the Development of the Waste Water Treatment Plant S.A.E.	Egypt	10,856	14,552	22.95	Deloitte
Orasqualia for Operation and Maintenance S.A.E.	Egypt	1,306	1,153	25.50	Deloitte

CONSTRUCTION

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2022	2021		
ACS FCC Canada Inc.	Canada	(393)	-	50.00	
Administración y Servicios Grupo Zapotillo, S.A. de C.V.	Mexico	126	115	50.00	
Altos del Javier, S.A.	Panama	-	-	50.00	
Consorcio Tramo Dos S.A. DE C.V.	Mexico	-	-	50.00	Deloitte
Construcciones Olabarri, S.L.	Ripa, 1 – Bilbao (Vizcaya)	5,969	5,820	49.00	Charman Auditores
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	Mexico	-	-	24.50	Deloitte
Constructora Durango Mazatlán, S.A. de C.V.	Mexico	1,641	1,479	51.00	
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.	Mexico	(9,474)	(9,006)	40.00	Deloitte
Constructores del Zapotillo, S.A. de C.V.	Mexico	1,722	1,446	50.00	Grant Thornton SC
Ctra. Cabo San Lucas San José, S.A. de C.V.	Mexico	-	-	50.00	
Elaboración de Cajones Pretensados, S.L.	Av. Camino de Santiago, 40 – Madrid	-	2	50.00	
OHL Co Canada & FCC Canada Ltd. Individual	Canada	(70,929)	(71,126)	50.00	
Onexpress Transportation Partners INC.	Canada	220	-	25.00	
Operaciones y Servicios para la Industria de la Construcción, S.A. de C.V.	Mexico	-	-	50.00	
Servicios Empresariales Durango-Mazatlán, S.A. de C.V.	Mexico	119	124	51.00	
CEMENT					
Pedrera de l'Ordal, S.L.	Ctra. N 340 km. 1229.5 - Subirats (Barcelona)	2,292	1,750	49.64	Ernst & Young
CONCESSIONS					
Ibisan Sociedad Concesionaria, S.A	Av. Isidor Macabich, s / n. Sant Rafel de Sa Creu (Balearic Islands)	10,925	8,401	50.00	Deloitte
Sociedad Concesionaria Tranvía de Murcia, S.A.	Paseo de la Ladera, 79– Murcia	-	24,427	50.00	Deloitte
REAL ESTATE					

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2022	2021		
Realia Group					
As Cancelas Siglo XXI, S.L.	Av. Camino de Santiago, 40 – Madrid	38,622	37,254	21.40	Ernst & Young
MDM-Teide, S.A.	Panama	365	172	40.02	
Teide-MDM Quadrat, S.A.	Panama	64	30	40.02	
TOTAL VALUE OF CONSOLIDATED COMPANIES USING THE EQUITY METHOD (JOINT VENTURES)		55,487	72,283		

ANNEX III

ASSOCIATES

(CONSOLIDATED USING THE EQUITY METHOD)

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2022	2021		
ENVIRONMENTAL SERVICES					
Aprochim Getesarp Rymoil, S.A.	P.I. Logrezana s/n– Carreño (Asturias)	1,347	1,203	32.17	Menéndez Auditores CGM Auditores, S.L.y Villalba, Envid y Cia. Auditores, S.L.P.
Aragonesa de Gestión de Residuos, S.A.	Paseo María Agustín, 36 – Zaragoza	22	13	12.00	
Aragonesa de Tratamientos Medioambientales XXI, S.A.	Ctra. Castellón Km. 58 – Zaragoza	606	608	33.00	
Betearte, S.A.	Cr. BI – 3342 pk 38 Alto de Areitio – Mallabia (Biscay)	413	144	33.33	
Gestión Integral de Residuos Sólidos, S.A.	Serrans, 12 – 14 Ent. 1 – Valencia	5,342	5,331	49.00	Grupo de Auditores Públicos
Giref Generación Renovable, S.L.	Pedro Lafayo, 6 - Ibiza	1	1	20.00	
FCC Group - CEE		7,004	7,148		
ASTV s.r.o.	Czech Republic	–	–	49.00	
FCC + NHSZ Környezetvédelmi HKft	Hungary	–	–	50.00	Interauditor
FCC Hlohovec s.r.o.	Slovakia	–	–	50.00	
Huber Abfallservice Verwaltungs GmbH	Austria	–	–	49.00	
Huber Entsorgungs GmbH Nfg KG	Austria	–	–	49.00	
Killer GmbH	Austria	–	–	50.00	
Killer GmbH & Co KG	Austria	–	–	50.00	Rittmann
Recopap s.r.o.	Slovakia	–	–	50.00	
Tev-Akva Kft.	Hungary	–	–	8.67	Lazar Eniko

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2022	2021		
FCC Group – PFI Holdings	United Kingdom	32,687	32,333		
CI III Lostock Efw Limited	United Kingdom	-	-	40.00	Deloitte
Lostock Power Limited	United Kingdom	-	-	40.00	Deloitte
Lostock Sustainable Energy Plant Limited	United Kingdom	-	-	40.00	Deloitte
Tirme Group		9,714	8,156	20.00	
Circulare, S.L.U.	Cr. de Sóller Km. 8.2 – Palma de Mallorca (Balearic Islands)	-	-	20.00	
Mac Insular, S.L.	P.I. Ses Veles, (Cl. Romaní), 2 – Bunyola (Balearic Islands)	-	-	14.00	Deloitte
Mac Insular Segunda, S.L.	Cr. de Sóller Km. 8.2 – Palma de Mallorca (Balearic Islands)	-	-	15.00	
Tirme, S.A.	Ctra. Soller Km. 8.2 Camino de Son Reus – Palma de Mallorca (Balearic Islands)	-	-	20.00	Deloitte
Sogecar, S.A.	Polígono Torrelarragoiti – Zamudio (Biscay)	-	475	30.00	
AQUALIA					
Aguas de Archidona, S.L.	Pz. Ochavada, 1 – Archidona (Málaga)	65	24	24.48	Vaciero Auditores
Aguas de Denia, S.A.	Pedro Esteve, 17– Denia (Alicante)	341	427	16.83	Kreston Iberaudit
Aguas de Guadix, S.A.	Plaza Constitución, 1– Guadix (Granada)	245	419	20.40	Deloitte
Aguas de Priego, S.L.	Plaza Constitución, 3 – Priego de Córdoba (Córdoba)	-	(66)	24.99	
Aguas del Puerto Empresa Municipal, S.A.	Aurora, 1 – El Puerto de Santa María (Cádiz)	3,965	3,924	24.98	Capital Auditors
Aigües de Blanes, S.A.	Canigó, 5 – Blanes (Gerona)	24	51	8.40	Acordia ACR, S.L
Aigües del Segarra Garrigues, S.A.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	-	-	0.52	Deloitte
Aigües del Vendrell, S.A.	Vella, 1 – El Vendrell (Tarragona)	287	471	24.99	Gm Auditors SL
Codeur, S.A.	Mayor, 22 – Vera (Almería)	6,024	6,503	14.32	Deloitte
Concesionaria de Desalación de Ibiza, S.A.	Rotonda de Santa Eulalia, s/n – Ibiza (Balearic Islands)	832	1,203	25.50	BDO Auditores

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2022	2021		
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	(5,396)	(5,396)	12.50	
EMANAGUA Empresa Mixta Municipal de Aguas de Nijar, S.A.	Plaza de la Glorieta, 1 – Nijar (Almería)	322	255	24.99	Capital Auditors
Empresa Mixta de Aguas de Ubrique, S.A.	Juzgado, s/n – Ubrique (Cádiz)	83	81	24.99	Vaciero Auditores
Empresa Mixta de Aguas de Jodar, S.A.	Pz. España, 1 – Jodar (Jaén)	18	35	24.99	Vaciero Auditores
Empresa Municipal de Aguas de Algeciras, S.A.	Av. Virgen del Carmen – Algeciras (Cádiz)	165	163	24.99	Kreston Iberaudit
Empresa Municipal de Aguas de Linares, S.A.	Cid Campeador, 7 – Linares (Jaén)	136	290	24.99	Vaciero Auditores
Empresa Municipal de Aguas de Toxiria, S.A.	Plaza de la Constitución – Torredonjimeno (Jaen)	94	108	24.99	Vaciero Auditores
Nueva Sociedad de Aguas de Ibiza, S.A.	Av. Bartolomé Roselló, 18 - Ibiza (Balearic Islands)	95	101	20.40	
Omán Sustainable Water Services SAOC	Oman	1,588	1,220	24.99	Deloitte
Operadora El Realito, S.A. de C.V.	Mexico	343	279	7.65	Ernst & Young
Prestadora de Servicios Acueducto El Realito, S.A. de C.V.	Mexico	1	1	12.50	
Proveïments d'Aigua, S.A.	Astúries, 13 - Gerona	644	637	7.71	GPM Auditors Associats
Sera Q A Duitama E.S.P., S.A.	Colombia	4	6	15.61	
Suministro de Aguas de Querétaro, S.A. de C.V.	Mexico	11,728	9,325	25.51	Deloitte
CONSTRUCTION					
Agrenic Complejo Industrial Nindiri, S.A.	Nicaragua	2,302	2,239	50.00	Deloitte
Agriwater, S.L.U.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	136	-	25.20	
Aigües del Segarra Garrigues, S.A.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	7,036	7,473	24.68	Deloitte
Cafig Constructores, S.A. de C.V.	Mexico	3,560	4,497	45.00	Deloitte
Construcciones y Pavimentos, S.A.	Panama	5	4	50.00	
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	-	(5)	24.50	Deloitte
Constructora San José - Caldera CSJC, S.A.	Costa Rica	-	(1,681)	50.00	Ernst & Young

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2022	2021		
Constructora San José - San Ramón SJSR, S.A.	Costa Rica	-	(68)	50.00	
Constructora Terminal Valle de México, S.A. de C.V.	Mexico	1,379	1,096	14.28	Deloitte
Desarrollo Cuajimalpa, S.A. de C.V.	Mexico	7	6	25.00	
Efi Túneles Necaxa, S.A. de C.V.	Mexico	255	406	45.00	
Euroconcretos de Nicaragua, S.A.	Nicaragua	-	-	40.00	
FCC Tarrío TX-1 Construção Ltda	Brazil	-	-	70.00	
M50 (D&C) Limited	Ireland	(3,273)	(3,273)	42.50	Deloitte
N6 (Construction) Limited	Ireland	(38,413)	(38,413)	42.50	Deloitte
OHL-FCC GP Canada Inc.	Canada	-	-	50.00	
Prestadora de Servicios Acueducto El Realito, S.A. de C.V.	Mexico	1	1	24.50	
Promvias XXI, S.A.	Anglesola, 6 - Barcelona	1	1	25.00	
Roadbridge FCC JV Limited	Ireland	-	212	50.00	Mazars
Servicios CTVM, S.A. de C.V.	Mexico	2	3	14.28	Deloitte
Serv. Terminal Valle de México, S.A. de C.V.	Mexico	26	34	14.28	Deloitte
CEMENT					
Aplicaciones Minerales, S.A.	Camino Fuente Herrero - Cueva Cardiel (Burgos)	540	479	34.40	
Canteras y Hormigones VRE, S.A.	Berroa (P.I. La Estrella) - Tanojar (Navarra)	(281)	(312)	49.75	
Giant Group		13,451	18,327		
Coastal Cement Corporation	USA	-	-	44.78	
Dragon Energy LLC.	USA	-	-	44.78	
Dragon Products Company Inc.	USA	-	-	44.78	
Giant Cement Company	USA	-	-	44.78	

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2022	2021		
Giant Cement Holding Inc.	USA	-	-	44.78	Deloitte
Giant Cement NC Inc.	USA	-	-	44.78	
Giant Cement Virginia Inc.	USA	-	-	44.78	
Giant Resource Recovery Inc.	USA	-	-	44.78	
Giant Resource Recovery - Arvonía Inc.	USA	-	-	44.78	
Giant Resource Recovery - Attalla Inc.	USA	-	-	44.78	
Giant Resource Recovery - Harleyville, Inc.	USA	-	-	44.78	
Giant Resource Recovery - Sumter Inc.	USA	-	-	44.78	
Keystone Cement Company	USA	-	-	44.78	
Sechem Inc.	USA	-	-	44.78	
Hormigones Castro, S.A.	Ctra. Nacional 634 - Ambrosero - Barcena de Cicero (Cantabria)	446	283	49.75	
Hormigones de la Jacetania, S.A.	Llano de la Victoria – Jaca (Huesca)	782	820	62.19	KPMG
Hormigones del Baztán, S.L.	Berroa (P.I. La Estrella) - Tanojar (Navarra)	396	432	49.75	
Hormigones Delfín, S.A.	Venta Blanca - Peralta (Navarra)	911	870	49.75	
Hormigones en Masa de Valtierra, S.A.	Ctra. Cadreita Km. 1 - Valtierra (Navarra)	2,419	2,390	39.80	# #
Hormigones Galizano, S.A.	Ctra. Nacional, 634 - Ambrosero - Barcena de Cicero (Cantabria)	-	158	43.80	# #
Hormigones Reinares, S.A.	Pintor Murillo, s/n - Calahorra (La Rioja)	985	899	49.75	# #
Hormigones y Áridos del Pirineo Aragonés, S.A.	Ctra. Nacional, 260 Km. 516.5- Sabiñánigo (Huesca)	6,112	6,090	49.75	# #
Lázaro Echevarría, S.A.	P.I. Isasia- Alsasua (Navarra)	8,011	7,959	27.87	# KPMG
Navarra de Transportes, S.A.	C/Circunvalación Inguraketa s/n - Olazagutia (Navarra)	679	607	33.17	# KPMG
Novhorvi, S.A.	Portal de Gamarra, 25 - Vitoria -Gasteiz (Alava)	94	108	33.17	# #

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2022	2021		
Portcemen, S.A.	Muelle Contradique Sur- Puerto Barcelona - Barcelona	1,040	1,092	33.10	# #
Terminal Cimentier de Gabes-Gie	Tunisia	34	34	29.14	# #
Vescem-LID, S.L.	Valencia, 245 - Barcelona	29	27	24.83	# #
CONCESSIONS					
Future Valleys Project Co Limited	United Kingdom	29,688	1,944	42.50	Grant Thornton SC
Future Valley Hold Co Limited	United Kingdom	-	-	42.50	Grant Thornton SC
Metro de Lima Línea 2, S.A.	Perú	37,310	31,684	18.25	Ernst & Young
World Trade Center Barcelona, S.A. de S.M.E.	Moll Barcelona (Ed. Este), s/n – Barcelona	10,399	9,904	24.01	Ernst & Young
REAL ESTATE					
Las Palmeras de Garrucha, S.L.	Mayor, 19 – Garrucha (Almería)	955	970	16.01	
OTHER ACTIVITIES					
Sigenera, S.L.	Av. Linares Rivas, 1 – La Coruña	-	260	50.00	
TOTAL VALUE OF CONSOLIDATED COMPANIES USING THE EQUITY METHOD (ASSOCIATED COMPANIES)		165,768	133,030		

ANNEX IV

CHANGES IN THE SCOPE OF CONSOLIDATION

ADDITIONS

Company	Address/Registered office
GLOBAL CONSOLIDATION	
Agadax s.r.o.	Czech Republic
Aguas de Albania, S.A. E.S.P.	Colombia
Aguas de Aracataca, S.A.S.	Colombia
Aguas del Sur del Atlántico, S.A. E.S.P.	Colombia
Aguas de la Península, S.A. E.S.P.	Colombia
Aguas de la Sabana, S.A. E.S.P.	Colombia
Aquamag, S.A.S. E.S.P.	Colombia
Aqualia Colombia, S.A.S.	Colombia
Aqualia Flandes S.A.S. E.S.P.	Colombia
Aqualia Georgia Llc.	Georgia
Compagnie Armoricaire Des Eaux	France
Energyloop, S.A.	Spain
FCC Environmental Services CA	USA
FCC Equal CEE Canarias, S.L.U.	Spain
FCC Medioambiente Internacional, S.L.U.	Av. Camino de Santiago, 40 – Madrid
FCC Real Estate (UK) Limited	United Kingdom
Gardabani Sewage Treatment Plant Llc.	Georgia

Company	Address/Registered office
Genesis Lodos, S.L.	Avda. Kansas City, 9 - Seville
Georgia Global Utilities JSC	Georgia
Georgian Energy Trading Company Llc.	Georgia
Georgian Engineering and Management	Georgia
Georgian Water and Power Llc.	Georgia
Houston Waste Services, LLC	USA
Houston Waste Solutions, LLC	USA
Industria Reciclaje de RAEES, S.L.	Crt. Santander, KM 61.50 - Osorno la Mayor (Palencia)
Intermonte Investments, S.A.	Plaza de Castilla, 216. Torre Realía
Naunet, S.A.S.	Colombia
Rustavi Water Llc.	Georgia
Saguramo Energy Llc.	Georgia
Saur Colombia, S.A.S.	Colombia
South Cluster SPV Llc	Saudi Arabia
Surgyps, S.A.	Plaza de Castilla, 216. Torre Realía
PROPORTIONAL	
A.I.E. Dipòsit de Runes Olèrdola	C/ Nàpols, 222 Planta Baja (Barcelona)
JOINT VENTURES	
Onexpress Transportation Partners INC.	Canada
ASSOCIATES	
Agriwater, S.L.U.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)

CHANGES IN THE SCOPE OF CONSOLIDATION

DERECOGNITIONS

Company	Address/Registered office
GLOBAL CONSOLIDATION	
Aguas de Alcázar Empresa Mixta, S.A. (5)	Rondilla Cruz Verde, 1 – Alcázar de San Juan (Ciudad Real)
Aparcamientos Concertados, S.A. (2)	Av. Aiguera, 1 – Benidorm (Alicante)
Aqualia New Europe B.V. (3)	Netherlands
Castellana de Servicios, S.A. (2)	Federico Salmón, 13 – Madrid
Concesionaria Atención Primaria, S.A. (1)	Gremi de Sabaters, 21 (Loc. A. 15.2) - Palma de Mallorca (Balearic Islands)
Europea de Tratamiento de Residuos Industriales, S.A. (4)	Federico Salmón, 13 – Madrid
FCC Américas Colombia, S.A.S. (1)	Colombia
FCC Uhy s.r.o. (3)	Czech Republic
Fomento de Construcciones Colombianas, S.A.S. (1)	Colombia
Guzmán Energy O&M, S.L. (5)	Av. Camino de Santiago, 40 – Madrid
Manipulación y Recuperación MAREPA, S.A. (4)	Av. San Martín de Valdeiglesias, 22 – Alcorcón (Madrid)
Ramalho Rosa Cobetar Sociedade de Construções, S.A. (3)	Portugal
Select Beton, S.A. (3)	Tunisia
Servicios de Levante, S.A. (3)	Camino Pla de Museros, s/n – Almazora (Castellón)
PROPORTIONAL	
A.I.E. Costa Brava Abastament Aqualia-Sorea (1)	Sector Carlit S/N. Empuria Brava (Girona)
Abastament en Alta Costa Brava Empresa Mixta, S.A. (1)	Pz. Josep Pla Casadevall, 4 3º 1ª. Girona
Empresa Mixta d'Aigües de la Costa Brava, S.A. (1)	Pz. Josep Pla Casadevall, 4. Girona

Company	Address/Registered office
ASSOCIATES	
Aguas de Priego, S.L. (5)	Plaza Constitución, 3 – Priego de Córdoba (Córdoba)
Hormigones Galizano, S.A. (6)	Ctra. Nacional, 634 - Ambrosero - Barcena de Cicero (Cantabria)
Sigenera, S.L. (1)	Av. Linares Rivas, 1 – La Coruña
Sogecar, S.A. (5)	Polígono Torrelarragoiti – Zamudio (Biscay)
Terminal Polivalente de Huelva, S.A. (1)	La Marina, 29. Huelva

(1) Derecognition by liquidation

(2) Derecognition by merger with FCC Environment

(3) Derecognition by merger

(4) Derecognition by merger with Environment

(5) Derecognition by disposal

(6) Derecognition by absorption with Hormigones Castro

CHANGES IN THE SCOPE OF CONSOLIDATION

CHANGES IN THE SCOPE OF CONSOLIDATION

Company	Change in the consolidation method (current method)	Change in the consolidation method (previous method)
Reciclado de Componentes Electrónicos, S.A.	Global	Equity method
Sociedad Concesionaria Tranvía de Murcia, S.A.	Global	Equity method

ANNEX V

TEMPORARY JOINT VENTURES, ECONOMIC INTEREST GROUPS AND OTHER ENTERPRISES
MANAGED JOINTLY WITH NON-GROUP THIRD PARTIES

	Proportional integration at 31 December 2022
ENVIRONMENTAL SERVICES	
A Coruña Limpieza JV	70.00
Airport VI Joint Venture	50.00
Agarbi JV	60.00
Agarbi Bi JV	60.00
Agarbi Interiores JV	60.00
Aizmendi JV	60.00
Alcantarillado Melilla JV	50.00
Alumbrado Tias JV	67.00
Arazuri 2016 JV	50.00
Arazuri 2020 JV	50.00
Arcos JV	51.00
Artigas JV	60.00
ARUCAS II JV	70.00
Baix Ebre-Montsià JV	60.00
Berango JV	60.00
Bilboko Saneamendu JV	50.00

	Proportional integration at 31 December 2022
Bilboko Saneamendu Bi JV	50.00
Bilketa 2017 JV	60.00
Biocompost de Álava JV	50.00
Bizkaiko Hondartzak JV	50.00
Bizkaiko Hondartzak 2021 JV	50.00
Boadilla JV	50.00
Cabrera de Mar JV	50.00
Cana Putxa JV	20.00
Carma JV	50.00
Castellana – Po JV	50.00
Chipiona JV	50.00
CMG2 Lanak JV	92.00
CMG2 Kudeaketa JV	92.00
Complejo Ambiental Copero JV	67.00
Compostaje MCP JV	50.00
Contenedores las Palmas JV	30.00
Contenedores Madrid JV	38.25
Contenedores Madrid 2 JV	36.50
CTR Montoliu JV	50.00
CTR – Vallès JV	20.00
Ctr. de l'alt Empordà JV	45.00

	Proportional integration at 31 December 2022
CTR Valladolid JV	80.00
Cua JV	50.00
Donostiako Garbiketa JV	70.00
Dos Aguas JV	35.00
Ecogondomar JV	70.00
Ecoparque Cáceres JV	50.00
Ecourense JV	50.00
Eco-Tri JV	50.00
Energ. Energ. JV JV Puerto del Rosario JV	60.00
Elche JV	50.00
Electrificación SAC JV	50.00
Energía Solar Onda JV	25.00
Enllumenat Sabadell JV	50.00
Envases Ligeros Málaga JV	50.00
Epeleko Konposta JV	60.00
Epremasa Provincial JV	55.00
Eretza JV	70.00
Es Vedra JV	25.00
Etxebarri JV	60.00
FCC - Ers Los Palacios JV	50.00
FCC Perica I JV	60.00

	Proportional integration at 31 December 2022
FCC - SuFI Majadahonda JV	50.00
FCC-Mcc Santiago del Teide JV	80.00
F.S.S. JV	99.00
Fuentes las Palmas JV	25.00
Gestió Integral de Runes del Papiol JV	40.00
Gestión Instalación III JV	34.99
Giref JV	20.00
Goierri Bilketa JV	60.00
Goierri Garbia JV	60.00
Guipuzkoako Hondartzak 2020 JV	60.00
Guipuzkoako Hondartzak 2022 JV	60.00
Guipuzkoako Portuak 2019 JV	40.00
Icat Lote 7 JV	50.00
Icat Lote 11 JV	50.00
Icat Lote 15 JV	50.00
Bilbao Interiors JV	80.00
Bilbao Interiors II JV	70.00
Jardineras 2019 JV	60.00
Jardines Boadilla JV	70.00
Jardines Pto del Rosario JV	78.00
Jardines UJI JV	50.00

	Proportional integration at 31 December 2022
Jard. Universitat Jaume I JV	50.00
Jerez JV	80.00
Jundiz II JV	51.00
Kimaketak Hiru JV	50.00
Kimeketak Bi JV	50.00
la Lloma del Birlet JV	80.00
Lagunas II JV	33.34
Lagunas de Arganda JV	50.00
Las Caldas Golf JV	50.00
Legio VII JV	50.00
Lekeitioko Mantenimendua JV	60.00
Lezo Garbiketa 2018 JV	55.00
Limpieza Santa Coloma JV	50.00
Limpieza y RSU Lezo JV	55.00
Logroño Limpio JV	50.00
Los Rosales - Zafra JV	45.00
Luze Vigo JV	40.00
LV Coslada JV	50.00
LV Lote IV JV	65.00
LV Ribera JV	90.00
LV RSU Muszik JV	60.00

	Proportional integration at 31 December 2022
LV RSU Vitoria-Gasteiz JV	60.00
LV Zumaia JV	60.00
LV Zumarraga JV	60.00
Mant. Edificios Valencia JV	55.00
Manteniment Lot 12 JV	75.00
Mantenimiento Reg Cornellà JV	60.00
Mantenimiento Breña Alta JV	50.00
Melilla JV	50.00
Mnto. Mediterranea FCC JV	50.00
Mnto. Edifici Mossos Esquadra	70.00
Muérdago JV	60.00
Muskiz JV	60.00
Neteja Illes Balears JV	50.00
Neumática Casco Antiguo JV	65.00
Nivaria JV	29.00
Onda Exploitation JV	33.33
Pájara JV	70.00
Pamplona JV	80.00
PaP La Cellera JV	50.00
Parla JV	50.00
Parques Infantiles LP JV	50.00

	Proportional integration at 31 December 2022
Plan Residuos JV	47.50
Planta Estabilizac. Tudela JV	55.00
Planta Materia Orgánica JV	40.00
Planta Rsi Tudela JV	60.00
Planta Transferencia FTV 2 JV	70.00
Planta Tr. Fuerteventura JV	70.00
Planta Tratamiento Valladolid JV	90.00
Playas Gipuzkoa III JV	55.00
Poniente Almeriense JV	50.00
Portmany JV	50.00
JV PTMR	50.00
Puerto II JV	70.00
Puerto de Pto del Rosario JV	70.00
RBU Els Ports JV	50.00
RBU Villa-Real JV	47.00
Recollida Segrià JV	60.00
Reg Cornellà JV	60.00
Residuos 3 Zonas Navarra JV	60.00
Reutiliza JV	70.00
RSU Bilbao II JV	60.00
RSU Chipiona JV	50.00

	Proportional integration at 31 December 2022
RSU Inca JV	80.00
RSU LV S. Bme. Tirajana JV	50.00
RSU y LV Torrejón de Ardoz JV	60.00
RSU Málaga JV	50.00
RSU Sestao JV	60.00
RSU Tolosaldea JV	60.00
S.U. Alicante.	33.33
S.U. Benicassim	35.00
S.U. Bilbao	60.00
S.U. Oropesa del Mar	35.00
Saneamiento Urbano Castellón JV	65.00
Saneamiento Vitoria-Gasteiz JV	60.00
Sanejament Cellera de Ter JV	50.00
Sanejament Girona JV	70.00
Sanejament Granollers JV	80.00
San Miguel-Anaka JV	50.00
SAV – FCC Tratamientos JV	35.00
Seguretat Urbicsa JV	60.00
Selectiva Urola Kosta II 2017 JV	60.00
Selectiva las Palmas JV	55.00
Selectiva Sanlucar JV	50.00

	Proportional integration at 31 December 2022
Selectiva San Marcos II JV	63.00
Selectiva Urola Kosta JV	60.00
Son Espases JV	50.00
Tolosako Garbiketa JV	40.00
Tolosako Garbiketa 2020 JV	40.00
Tolosaldea RSU 2018 JV	60.00
Transp. y Elim. MSW JV	33.33
Transporte RSU JV	33.33
Txingudiko Garbiketa JV	73.00
Uribe Kosta JV	60.00
Urola Erdia JV	60.00
Urretxu Garbiketa JV	60.00
Urretxu y Zumarraga JV	65.00
Vertedero Gardelegui III JV	70.00
Vertresa JV	10.00
Vidrio Melilla JV	50.00
Vigo Recicla JV	70.00
Vilomara II JV	33.33
Zamora Limpia JV	30.00
Zaragoza Delicias JV	51.00
Zarautz Garbia JV	60.00

	Proportional integration at 31 December 2022
Zarauzko Garbiketa JV	60.00
Zumaia JV	60.00
Zumarraga Garbia JV	60.00
ZZVV Santa Cruz Tenerife JV	50.00
AQUALIA	
A.I.E. Sorea Aqualia	37.50
Aguas y Servicios de la Costa Tropical de Granada, A.I.E.	51.00
Empresa Mixta de Aguas y Servicios, S.A.	41.25
Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E.	75.00
Consortium O&M Alamein	65.00
Abastecimiento Picadas Almoguera JV	95.00
Abu Rawash Construccion JV	50.00
UTE Agua Santo Domingo	70.00
Aguas Alcalá JV	50.00
UTE Aguas del Doramás	50.00
JV Alkhorayef-FCC Aqualia	51.00
Expansion SWDP Melilla JV	50.00
UTE Badajoz Zona Este	50.00
UTE Badajoz Zona Oeste	50.00
UTE Calle Cruz	80.00
UTE Cap Djinet	50.00

	Proportional integration at 31 December 2022
UTE Cons. Gestor Ptar Salitre	30.00
UTE Costa Tropical	51.00
UTE Costa Tropical II	51.00
UTE Costa Tropical III	51.00
Depuración Poniente Almeriense JV	75.00
Depuradoras Lote 1 JV	95.00
Edar A Guarda 2013 JV	50.00
Edar A Guarda 2022 JV	50.00
Edar Baeza JV	50.00
Edar Galindo JV	50.00
Edar Gijón JV	60.00
UTE Edar Tablada	50.00
Garrucha JV	85.00
JV Gestión Cangas	70.00
UTE Groupement Solidaire Jerba	50.00
Guadiana Pueblonuevo JV	51.00
Hidc - Hidr. – Inv Do Centr. Ace JV	50.00
UTE Ibiza	50.00
Idam San Antoni JV	50.00
Idam Sant Antoni II JV	50.00
SWDP Santa Eulalia JV	50.00

	Proportional integration at 31 December 2022
Idam Santa Eulalia II JV	50.00
Idam Santa Eulalia III JV	50.00
UTE Idga Saneca	70.00
Infilco JV	50.00
UTE Louro	65.00
UTE Mostaganem	50.00
Obra Edar Argamasilla de Calatrava JV	70.00
OYM CAP Djinet JV	50.00
JV OYM Mostaganem	50.00
Ptar Ambato JV	60.00
Qatar JV	51.00
UTE SCC Sice	50.00
SEAFSA Lanzarote JV	60.00
Sollano-Zalla JV	50.00
JV TSE Riad	51.00
UTE Zafra	65.00
CONSTRUCTION	
ACE Caet XXI Construções	50.00
Consorcio Cobra – FCC Industrial	43.00
Consorcio FCC Construcción-Ferrovial Agroman Ltda.	50.00
Consorcio FCC Meco y Santa Fe de Costa Rica y Nicaragua, S.A.	100.00

	Proportional integration at 31 December 2022
Fast Consortium Limited LLC	35.92
Lúcios & RRC, ACE	50.00
ACP du Port de la Condamine	45.00
Asoc. Astaldi-FCC-Salcef-Thales, Lot 2 A	49.50
Asoc. Astaldi-FCC-Salcef-Thales, Lot 2 B	49.50
Asoc. FCC Azvi Straco S. Atel-Micasasa	55.00
Asocierea FCC-Astaldi-Convensa, Tronson 3	50.50
Associate FCC Azvi S. Sighisoara - Atel	55.00
Atraque Ribera Fondo CS Ute	50.00
Bridging Pennsylvania Constructors JV	50.00
CJV-UJV	35.92
Consortio Antioquía al Mar	40.00
Consortio Centenario de Panamá Sociedad Accidental	50.00
Consortio Chicago II	60.00
Consortio CJV Constructor Metro Lima	25.50
Consortio Epc Metro Lima	18.25
Consortio FCC-FI	50.00
Consortio FCC – Corredor de las Playas	51.00
Consortio FCC – Corredor de las Playas II	51.00
Consortio FCC-JJC (Puerto Callao)	50.00
Consortio Ica – FCC – Meco Pac-4	43.00

	Proportional integration at 31 December 2022
Consorcio Línea 2	40.00
Consorcio Línea 2 Ramal	40.00
Consorcio Línea Uno	45.00
Consorcio M&S Santa Fe Mca	50.00
Consorcio Nueva Esperanza	63.00
Fast 5 – U.J.V.	28.43
FCC - GMK - CCN CE3	45.00
FCC - Yuksel – Archidoron – Petroserv J.V.	50.00
FCS Tunnels JV	40.00
Groupement FCC - Ingenium	93.00
J.V. Asocierea Arad-Timisoara FCC-Webuild	50.00
J.V. Astaldi-FCC-UTI-Activ. Magistrala	37.00
J.V. Bypass Constata	50.00
J.V. Centure Otopeni Overpass	40.00
J.V Estension of Line 2 to Antohoupoli	50.01
J.V. SFI Leasing Company	30.00
Merseylink Civil Contractors J.V.	33.33
Metro Bucarest J.V.	47.50
Onexpress Civils Contractors GP	50.00
RokFCC JV	80.00
Scarborough Transit Connect GP	50.00

	Proportional integration at 31 December 2022
Shimmick Co. Inc. FCC Co. Impregilo Spa JV	30.00
Sisk FCC Gg Ppp	50.00
Sotra Link Construction JV ANS	35.00
Thv Cafasso Construction	50.00
TJV-UJV	16.16
Webuild – FCC JV (Basarab)	50.00
2nd Phase Sphinx Dam JV	35.00
Accesos a La Estación de La Sagrera JV	37.50
Acceso Norte A Vigo Nueva Estación JV	50.00
Acceso Puerto Seco Monforte JV	50.00
Adecuación Palacio Justicia TSJCV JV	63.00
Adif Bancada 2018 JV	50.00
Adolfo Suarez Airport JV	50.00
Aeropuerto de Castellón JV	50.00
Aguas Madrid 2021 JV	70.00
Alameda de Cervantes en Lorca JV	60.00
Alta Capacidad 2020 JV	50.00
Alumbrado Lugo JV	50.00
Alumbrado Madrid Lote-1 JV	50.00
Ampliación Hospital Marina Baixa JV	60.00
Andenes L1-L9 Tram Benidorm JV	65.00

	Proportional integration at 31 December 2022
Arquitectura Sagrera JV	37.50
Arroyo del Fresno JV	50.00
Aucosta Conservación JV	50.00
Auditorio de Lugo JV	50.00
Autovía el Batán – Coria JV	50.00
Ave Alcántara-Garrovillas JV	85.00
Ave Eje Sur JV	25.00
Ave Girona JV	40.00
Ave Maside JV	67.00
Ave Plasencia - Badajoz JV	25.00
Avenoreste1 JV	25.00
Avenoreste2 JV	25.00
Badajoz Sur JV	50.00
Balastro R-3 JV	50.00
Barbados JV	50.00
Barcience JV	50.00
Belltall JV	40.00
Bergara Antzuola JV	71.50
Boetticher Clima JV	50.00
Boetticher Electricidad JV	50.00
Bombeo Fuente Alamo JV	60.00

	Proportional integration at 31 December 2022
Bosque de la Herrería JV	40.00
Brazatortas JV	33.34
By Pass Mérida Lote 1 JV	50.00
By Pass Mérida Lote 2 JV	50.00
C&F Jamaica JV	50.00
Cáceres Norte JV	50.00
Cáceres Plasencia JV	50.00
Calders-Vilaseca JV	20.00
Campo Gibraltar JV	80.00
Canal de Castilla 2022 JV	70.00
Cárcel Marcos Paz JV	35.00
Carretera Ibiza - San Antonio JV	50.00
Castellón - Vinaroz JV	50.00
Castuera JV	33.34
Catlántico JV	25.00
Cecoex JV	20.00
Cedillo I and II JV	99.00
Centro Salud Tui JV	50.00
Chuac JV	50.00
Cierre Anillo Insular Tfe JV	85.00
Circuito JV	70.00

	Proportional integration at 31 December 2022
Circunvalación Lucentum JV	50.00
Ciudad Rodrigo JV	99.00
Ciutat de la Justícia JV	30.00
CMS La Llagosta JV	20.00
CMS Ramal Aeropuerto BCN JV	25.00
Conexión Corredor Mediterráneo JV	40.00
Conexión Molinar JV	70.00
Conservacion Ex-A1 JV	50.00
Conservacion Plasencia JV	50.00
Conservación Telde JV	50.00
Construcción Tranvía Zaragoza JV	50.00
Control JV	80.00
Control Mogán JV	33.33
Club de Mar Mallorca JV	70.00
Creaa JV	50.00
Deacentro JV	60.00
Deansur JV	60.00
Desarrollo Puerto de Avilés Fase I JV	80.00
Dique Este JV	35.00
Dique Torres JV	27.00
Districte Administratiu Lot 2 JV	99.99

	Proportional integration at 31 December 2022
Donostialdea 2018 JV	60.00
Duplicacion Calzada N-338 JV	60.00
Duplicación R-3 JV	50.00
Electrification La Sagrera JV	50.00
ErtMS Rodalies Bcn JV	22.00
Estación Girona JV	40.00
Estacions Line 9 JV	33.00
Ezkio Itsaso JV	40.00
Facultad de Filosofía JV	60.00
Fase II Pabellón Reyno de Navarra JV	50.00
FCC Industrial - Aton JV	90.00
FCCi-Orbe JV	70.00
F.I.F. GNL FB 301/2 JV	35.96
Fuente de Cantos JV	50.00
FV Tallers Zona Franca JV	50.00
Galibos Monforte JV	50.00
UTE Galindo-Beurko	60.00
Gc – 1 Puerto de Rico – Mogán JV	40.00
Girona Norte 2014 JV	70.00
Guadalmez - Córdoba JV	25.00
Guadarrama 3 JV	33.33

	Proportional integration at 31 December 2022
Guadarrama 4 JV	33.33
Hospital Alcázar JV	60.00
Hospital Cabueñes Fase I JV	70.00
Hospital Campus de la Salud JV	80.00
Hospital del Sur, Segunda Fase JV	40.00
Hospital FCC - Vvo JV	80.00
Hospital Son Dureta JV	33.00
Hospital Universitario de Murcia JV	50.00
Lecisa-FCC/Interfonia En Estaciones JV	50.00
Impermeabilización Túnel Pajares Norte JV	50.00
Instalaciones Madrid Este JV	46.25
Instalaciones Metro Málaga JV	54.00
Instalaciones Urbanas Este JV	50.00
Juan Grande JV	50.00
Línea 2 JV	50.00
Línea 9 JV	33.00
Lote 1 Centro JV	50.00
Lot 2 Pmi Bcn JV	80.00
Lot 3 Pmi Bcn JV	80.00
Lot 5 Glories JV	37.50
Lote 4 Hospital de Alcañiz JV	55.00

	Proportional integration at 31 December 2022
Lote 6 Sur JV	50.00
M-407 JV	50.00
Madrid Sevilla Ave JV	60.00
Manteniment Rondes 2022 JV	50.00
Mantenimiento Júcar JV	50.00
Mantenimiento Tdm 2018 JV	50.00
Mantenimiento Tranvía Zaragoza JV	50.00
Mantenimiento Vía Aranjuez JV	50.00
Maquinaria Pesada 2015 JV	50.00
Medinaceli JV	22.40
Mej. Viarios Leganés 2022 JV	50.00
Metro Línea 12 JV	95.00
Metro Madrid JV	70.00
Miv Centro JV	19.00
Miv Centro 2021-2022 JV	22.50
Miv Sur JV	29.50
Miv Sur Lot 6 JV	25.00
Monforte JV	24.00
Montaje Vía Mollet – Girona JV	50.00
Monaje Via Sagrera JV	37.50
Mora - Calatrava JV	39.97

	Proportional integration at 31 December 2022
Mto Postr Tajo-Segura JV	60.00
Muelle de la Química JV	70.00
Muelle Poniente Norte de Pto Palma JV	75.00
Muelles Comerciales JV	60.00
Murcia JV	40.00
Navalmoral JV	55.00
Nave Frío Cilsa JV	50.00
Nuevo Estadio Vcf JV	49.00
Nuevo Hospital de Cáceres JV	50.00
Nuevo Puerto de Igoumenitza JV	50.00
Obra Cub.Capat.Catarroja JV	55.00
Obras Alumbrado Madrid JV	50.00
Operadora Termosolar Guzmán JV	67.50
Osorno 2019 JV	60.00
Pabellón Reyno de Navarra JV	50.00
Pago de Enmedio JV	75.00
Palacio de Congresos de León JV	50.00
Parque Tecnológico JV	60.00
Pasaia Berri JV	50.00
Pasaia Berri Instalaciones JV	80.00
Pizarro JV	99.00

	Proportional integration at 31 December 2022
Pla de Na Tesa JV	70.00
Pont de Candi JV	75.00
Presa Enciso JV	50.00
Presas Itoiz JV	33.00
Prim Barrio San Anton – Elche JV	80.00
Proser – Geocontrol JV	60.00
Proser – Geocontrol II JV	62.00
Psir Castro Urdiales JV	50.00
Puente del Rey JV	33.33
Puente Ribadesella JV	70.00
Puente Río Ozama (Dfc-Cocimar) JV	35.00
Puerto de Granadilla JV	50.00
Puertollano JV	50.00
Radiales JV	35.00
Red Arterial Palencia Fase I JV	80.00
Reforma Plaza España JV	80.00
Regadíos Río Flumen JV	60.00
Rehabilitación Dique Botafoc JV	55.00
Rehabilitación Parque la Gavia JV	75.00
Renovación Desvíos Fase 1 JV	25.00
Renovación Linea Girona-Figueres JV	50.00

	Proportional integration at 31 December 2022
Rep Pant Brazatortas JV	25.00
RIV GIJÓN-LAVIANA JV	40.00
RIV Orense - Monforte JV	33.33
Ruta Nacional Haití JV	55.00
Sagunto JV	60.00
Saneamiento Arco Sur JV	56.50
Saneamiento de Villaviciosa JV	80.00
Santa Maria D'oló-Gurb JV	60.00
Serv. Energ. Piscina Cub. S. Caballo JV	50.00
Sica JV	60.00
Sica II JV	50.00
Sistemas Tunel Plaza de España JV	50.00
Sotiello JV	50.00
Ssaa Ap - 7 JV	50.00
Tagus II III y IV JV	99.00
Tecsacon 2017 JV	20.00
TF-5 2ª FASE JV	70.00
Torquemada JV	50.00
Torre Don Jimeno JV	50.00
Totana - Totana JV	70.00
Tramvia Lot 4 JV	50.00

	Proportional integration at 31 December 2022
Tratamientos Selvícolas 2020 JV	50.00
TS Villena JV	88.00
Túnel Aeroport JV	49.00
Túnel Aeroport II JV	49.00
Túnel Atocha Chamartín JV	40.00
Túnel C.E.L.A. JV	50.00
Túnel de Pajares 1 JV	50.00
Túnel Fira JV	49.00
Tunnel La Aldea JV	50.00
Túneles Bolaños JV	47.50
Túneles de Guadarrama JV	33.33
Túneles de Sorbes JV	67.00
Ue 1 Arroyo del Fresno JV	50.00
Ue 2 Arroyo del Fresno JV	50.00
Unquera – Pendueles JV	80.00
Urbanización Parc Sagunt JV	50.00
Urbanizacion Vara del Rey JV	57.50
Urbanización Vía Parque Tramo Av. Carb.-P JV	60.00
Vandellós JV	24.00
Velilla Sur JV	99.00
Vertedero Castañeda JV	62.50

	Proportional integration at 31 December 2022
Vía Pajares JV	50.00
Viaducto Quisi JV	65.00
Vigo-Das Maceiras JV	50.00
Vilariño (Vía izquierda) JV	90.00
Yeltes JV	75.00
Yesa JV	33.33
CEMENT	
A.I.E. Dipòsit de Runes Olèrdola	60.00
G.R.C.S.A. - AUSA- OLERDOLA JV	60.00
CONCESSIONS	
Mel 9 JV	49.00
REAL ESTATE	
F C y C Harri Iparra JV	50.00
Sagunto Parcela M17-3 JV	50.00

MANAGEMENT REPORT

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2022**

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1. STATUS OF THE ENTITY

1.1. Status of the entity: Organisational structure and decision-making process in management

The Group's organisational structure is based on a first level consisting of Areas, which are divided into two main groups: operational and functional.

The operating Areas include all those activities related to the productive line. The following operating areas exist within the Group, as discussed in more detail in note 1 of the Notes to the consolidated financial statements, and also in section 2.2 of the Non-Financial Information Statement:

- i. **Environmental Services.**
- ii. **End-to-end Water Management.**
- iii. **Construction.**
- iv. **Cement Business.**
- v. **Concessions**
- vi. **Real Estate.**

Each of these operating Areas is headed by one or more specialised companies which, depending on FCC, encompass the Group's activities.

In addition, there are the functional Areas, which carry out support tasks for the operational ones:

- 1) **Administration and Finance:** the Administration and Finance Division comprises the Administration, Information Technologies, Finance, Communication, Purchasing and Human Resources areas.

The Administration area directs the administrative management of the Group, and has, among others, the following functions in relation to the Information and Internal Control Systems:

- i. General accounting.
- ii. Accounting standardisation.
- iii. Consolidation.
- iv. Tax advice.
- v. Tax procedures.
- vi. Tax compliance.
- vii. Administrative procedures.

- 2) **Internal Audit and Risk Management:** Its objective is to provide the Audit and Control Committee and Senior Management with an independent and objective opinion on the Group's ability to achieve its objectives through a systematic and methodological approach for the assessment, management and effectiveness of internal control and risk management processes, assessing the effectiveness and reasonableness of the internal control systems, as well as the functioning of processes according to the procedures, proposing improvements and providing methodological support to the Division in the process of identifying the main risks that affect activities and supervising the actions for their management.

- 3) **General Secretary:** reporting directly to the Group's CEO, its main duty is to support the management of the Group, as well as management support for the heads of the other areas of the Group, by providing the services detailed in the corresponding sections of the divisions and departments that make up the Group, which are promoted and supervised by the General Secretary.

It is made up of the following areas: Legal Advice Department, Quality Management, Corporate Security and General Services and Corporate Responsibility.

The Areas, on a second level, can be divided into Sectors, the operational ones, and Divisions, the functional ones, establishing areas that allow greater specialisation when considered necessary.

The structure of the main decision-making bodies is set out below:

- **Board of Directors:** is the body that holds the broadest powers, without any limitation, except those that are expressly reserved, by the Spanish Corporate Enterprises Act or the Articles of Association, for the jurisdiction of the General Shareholders' Meeting.
- **Audit And Control Committee:** its primary function is to support the Board of Directors in its oversight tasks, by periodically reviewing the process of preparing financial and economic information, its internal controls and the independence of the external auditor, as well as conflicts of interest and transactions with related parties.
- **Appointments and Remuneration Committee:** provides support to the Board of Directors regarding proposals for the appointment, re-election, ratification and removal of Directors, establishes and controls the Directors and senior managers' remuneration policy and that Directors perform their duties.
- **Managing Committee:** Each of the business units has a Managing Committee with similar duties.

Further information on the duties of the Group's decision-making bodies is provided in Section 1 of the Internal Financial Reporting Control System (IFRS) and in Section 2.1 of the Non-Financial Information Statement.

1.2. Status of the entity: Business model and company strategy

The Group is one of the leading European groups specialising in the environment, water, infrastructure development and management, with a presence in over 30 countries worldwide and nearly 44,6% of its turnover generated in international markets, mainly Europe (30%), Latin America (6.2%), the United States (3.4%), the Middle East (2.9%) and North Africa (1.8%).

Environmental Services

FCC Medio Ambiente has a strong presence in Spain, and has maintained a leading position in the provision of urban environmental services for over 120 years.

At the national level, the Group provides environmental services in more than 3,500 municipalities and organisations in all the Autonomous Communities, serving a population of more than 31 million inhabitants. Waste collection and street cleaning are two of the most important services in this sector, representing 63% of revenue. They are followed, in order of importance, by disposal of wastes with 12%, cleaning and maintenance of buildings, parks and gardens and, to a lesser extent, sewage. More than 90% of the activity is carried out with public clients.

Moreover, international business is mainly conducted in the United Kingdom, Central Europe and the USA. For years, the Group has held a leading position in the United Kingdom and Central European markets in the integrated management of municipal solid wastes, as well as in the provision of a wide range of environmental services. The various services provided in this sector include treatment and recycling, disposal, waste collection and the generation of renewable energy, with a growing weight and gradual reduction of disposal in controlled landfills.

In the United Kingdom, the entire municipal waste management chain is operated, with a particular emphasis on the recycling and recovery process, including thermal recovery, of products and by-products, subject to maximum environmental sustainability criteria. It boasts more than 200 recycling facilities throughout the country and more than 100 MW of installed renewable capacity.

In Central Europe, the Group provides services in seven countries (Austria, Czech Republic, Slovakia, Poland, Hungary, Romania and Serbia) to a total population of 4.3 million inhabitants, 1,400 municipalities and more than 51,500 private customers. The range of services provided and the geographical dispersion is very diverse and balanced, including municipal and industrial collection, mechanical and biological treatment, incineration, landfill, street cleaning, snow collection, recycling, building cleaning, soil decontamination work, etc. This broad diversification ensures great business stability in a market with major barriers to entry and the possibility of providing an integrated service to many customers.

Internationally, there has been strong growth in the USA, where the year-on-year growth in sales in 2022 stood at 121%. FCC now ranks among the Top 15 companies in the sector in the USA, with expectations of being in the Top 10 in the next two years. FCC Environmental Services already serves more than 10 million citizens, is the largest recycler in Texas, and has an important presence in Florida in cities as important as Orlando, Tampa, Palm Beach, Daytona Beach, Lakeland and Wellington as well as significant operations in both the Midwest and the West Coast. Growth continues to be exponential and the company now employs more than 1,800 people. During 2022, work has begun under four new contracts in Florida and California, with an additional backlog of more than €1 billion contracted.

Finally, the Environmental Services Area also specialises in the end-to-end management of industrial and commercial waste, recovery of by-products and soil decontamination, through the FCC *Ámbito* brand, which encompasses a group of companies with an extensive network of management and recovery facilities. This enables proper waste management, ensuring the protection of the environment and people's health. In 2022, this activity represented almost 5% of the area's income.

Strategically, in Spain, as has been the case for years, actions will focus on maintaining competitiveness and a leading position, combining know-how and the development of innovative technologies, offering respectful, inclusive and sustainable services (combating climate change and reducing the carbon footprint). Efforts shall also be made to harness potential opportunities offered by stricter regulations and new services (smart cities), the ultimate objective of which is to replace the straight-line production model with a circular model that reincludes residual materials into the production process, given the high level of technical knowledge that the company has and the development of new machinery and innovative processes, with a presence, either as leaders or collaborators, in a large number of R&D&i projects.

The inclusion of new technologies will make it possible for the company to consolidate itself in the recycling and waste recovery markets in Europe and position itself as a key player in the circular economy, with a change in the business model in the Czech Republic, Slovakia and Poland (Austria is a mature and developed market) towards further treatment and development of energy recovery technology using waste (incineration and fuel generation) given that the legal situation (prohibition of landfills or taxes on landfills) has already been defined and this transition is essential to maintaining the competitiveness and market share. Another essential strategic objective is the increase in the quality and quantity of reusable raw materials to meet the EU's ambitious targets (Circular Economy) by investing in selective collection and automatic sorting facilities. In the United States, the company will continue to consolidate its presence in the coming years by growing more residential contracts and boosting commercial collection activity.

There is a broad commitment to climate change, materialised for example in the issuance of green bonds to finance the operation and acquisition of assets developed by the area.

End-to-end Water Management

FCC Aqualia serves nearly 43,5 million users and provides services in 17 countries, offering the market all the solutions to the needs of public and private entities in all phases of the end-to-end water cycle and for all uses: human, agricultural or industrial.

FCC Aqualia's activity is focused on Concessions and Services, encompassing proprietary integrated cycle infrastructures and concessions, BOT, operation and maintenance services and irrigation; as well as Technology and Networks activities encompassing EPC contracts and industrial water risk management activities.

In 2022, the market in Spain represents 65% of revenue. On a like-for-like basis, water consumption has grown in Spain as a whole in 2022 by 0.8%, which reflects the lifting of COVID-19 restrictions, with the amount invoiced increasing by 4% compared to 2021. Furthermore, there has been an improvement in Operation and Maintenance (O&M) activities, efficiency improvements in operations and a higher volume of works undertaken in relation to concession agreements.

In the public sphere, following the effects of the pandemic seen in previous years, the level of bidding for concessions for the end-to-end management of water services, operation and maintenance as well as hydraulic infrastructure concessions, has returned to normal.

The international market reached a turnover of 35%. FCC Aqualia focuses its activity in Europe, North Africa, the Middle East and the Americas, with ongoing contracts in 16 countries at present.

In 2022, an 80% interest in Georgian Global Utilities (GGU) was acquired; this company owns and operates the end-to-end water cycle service infrastructures in Tbilisi, the country's capital, as well as in two other nearby towns, Mtskheta and Rustavi. In total, the company serves a population of 1.4 million residents.

FCC Aqualia seeks to maintain its competitive position in those end-to-end water management markets where it has an established presence (Europe) and to take advantage of the opportunities that arise in this activity. In other expanding markets, it plans to boost growth via BOT and O&M (North Africa, Latin America and the Middle East), along with end-to-end cycle management, while the study of possibilities in others (such as the USA) will continue. In addition, FCC Aqualia will use its extensive experience in end-to-end water cycle management for business opportunities in countries with a stable political and social balance.

Construction

The Construction Area focuses its activity on the design, development and construction of large civil, industrial and building infrastructure projects. The presence in public works of complex elements such as railways, tunnels and bridges stands out, which together with those involving installation and industrial maintenance, form a large part of the activity. It has a selective presence in more than 16 countries across Europe, MENA and America.

Its teams have the experience, technical training and innovation to participate in the entire project value chain, from the definition and design, to its complete execution and subsequent operation.

In 2022, 55.8% of total revenues will come from abroad, including the execution of major infrastructure projects such as lines 4, 5 and 6 of the Riyadh Metro (Saudi Arabia), Tren Maya (Mexico), A-465 (United Kingdom), Lima Metro (Peru), Industrial Bridge (Chile), Toyo Tunnel (Colombia), Sotra Link (Norway), A-9 Badhoevedorp-Holendrecht motorway (Netherlands), and the Gurasada-Simeria railway line (Romania) - Sectors 2a, 2b and 3.

In 2022, the award of the following construction contracts abroad is worth particular mention: NEOM Running Tunnels (Saudi Arabia), the RV.555 Sotrasambandet "Sotra Connection" highway (Norway), the rehabilitation of 53 km of the Cluj Napoca – Episcopia Bihor railway (Romania), the modernisation of the railway line between Caransebes-Timisoara-Arad lot 4 (Romania), the Regional Express Rail On-Corridor in Ontario (Canada), Scarborough Subway Extension (Canada), the construction and rehabilitation of 9 bridges in Pennsylvania (USA) and the "Melbourne Airport Rail Maribyrnong River Bridge" in Australia, which represents the first project in this country for FCC Construcción.

As regards Spain, worth particular mention are the awards of the Murcia-Almería High-Speed Mediterranean Corridor platform, Totana-Totana section (Murcia), the construction of the new Puertollano Hospital (Ciudad Real) and the expansion and refurbishment (Phase I) of the Cabueñes University Hospital (Gijón, Asturias).

Cement

The Group carries out its cement activity through the Cementos Portland Valderrivas Group. Its core business is cement manufacturing, which accounted for 92% of its turnover in 2022. The remaining percentage was contributed by the concrete, mortar and aggregate businesses.

In terms of geographical diversification, by 2022, 39% of income came from international markets. The Cementos Portland Valderrivas Group is present in Spain, Tunisia and via export in the United Kingdom. Exports from these three countries also go to Africa, Europe and America.

It boasts a leading position both in its main market, Spain, and in the Tunisian market.

The main objective of the Cementos Portland Valderrivas Group is to maintain a competitive edge both regarding costs and in the markets in which it operates, seeking to remain a leader in the sector in all the countries in which it is present.

Real Estate

The Area is mainly active in property development and office rental. During 2022, it has consolidated its position as a relevant area of the Group, following the corporate transactions described below.

Following the corporate transactions performed at the end of 2021, as described in Note 4 of the financial statements, the Group has an 80.03% interest in the parent company of the FCyC, S.A. In turn, FCyC, S.A. holds an 53.49% interest in Realia Business and a 100% interest in Jezzine Uno, S.L.U. whose corporate purpose is the rental of 405 office buildings to Caixabank distributed across Spain as part of a lease framework agreement that ends in 2037. These operations have increased the size of FCC Inmobiliaria with the following objectives:

- Consolidating a solid and large real estate group, with greater management efficiency derived from operational and financial synergies that enable it to take advantage of growth opportunities in the sector.
- Diversifying FCC Inmobiliaria's risk and geographic opportunities by extending its activity to new areas of operations in which it was not already present.
- Significantly increasing the contribution of Realia's and Jezzine's recurring rental property activity to FCC Inmobiliaria as a whole, whose asset assessments at December 2022 accounted for more than 72% of the area's total.

Furthermore, it should be noted that in May 2022, FCC Inmobiliaria made a bid for the acquisition of 24% of the shares in Metrovacesa S.A., thus taking its interest in the company's share capital to 11.47%. Subsequently, it increased its interest to 13.81% by the end of the year. Metrovacesa is a Spanish real-estate developer, whose main activity is the development and sale of residential properties. Its activities are performed in the main Spanish cities (including but not limited to Madrid, Barcelona, Malaga or Valencia), as well as smaller cities with high potential.

FCC Inmobiliaria considers that the acquisition of a significant interest, although a non-controlling interest, in Metrovacesa, enhances the solidity of the real-estate area, thus benefitting from its cash-flow generation capacity.

2. BUSINESS PERFORMANCE AND RESULTS

2.1. Operating performance

2.1.1. Significant Events

FCC Construcción grows its international portfolio to over €4,700 million

FCC Construcción has grown its global portfolio (+65% year-on-year), both nationally and internationally, which came in at over €4,700 million at year-end, with the following awards worth particular mention:

- Last June a consortium, the contract to build the first tunnels for high-speed and freight railways in Saudi Arabia, as well as the 28-kilometre-long subways in the new city of Neom for €775.2 million, with FCC Construcción leading the consortium.
- In Norway and as part of a consortium with other firms in which the company holds a 35% stake, the design and construction of the Sotra Link project. This project involves the construction of the RV 555 motorway, which will link the island of Sotra with the city of Bergen. This project forms part of the PPP Sotra Connection, the largest road infrastructure contract in Norway, with an overall budget of more than €1,230 million, to be implemented as part of a public-private collaboration model. At 31 December, the amount included in the backlog came to €450.6 million.
- Two railway contracts in Romania for the combined amount of €580 million: the design and construction of the rehabilitation of section 3 Poieni-Alesd and the modernisation of the Caransebes-Timisoara-Arad route.
- An amendment to the construction contract for the Maya Train was signed in Mexico to adjust the performance period and add a further €250 million to the value of the contract.
- In Canada:
 - In March, the consortium in which FCC Construcción holds a 50% interest was the first bidder for the construction of a suburban railway line in Toronto (RER-3). The contract includes the design, construction, operation and maintenance of a commuter rail network in the metropolitan area. The project has a total budget of more than €4 billion, though notably the award and contract performance phase will be progressive based on the agreement reached between the parties. At 31 December, the amount included in the backlog was €160 million.
 - In November, FCC was awarded 50% of the Stations, Trains and Systems (SRS) contract for the Scarborough Subway extension project, a town located in the eastern part of Toronto, for the amount total of approximately €1,800 million. At 31 December, the amount included in the backlog was €121 million.
- In December, the company was awarded, as part of a consortium, the Major Bridge P3 project in Pennsylvania, USA, consisting of the design, construction, financing and maintenance of six bridges as well as the highway that connects them and the associated infrastructure. The total value of the contract comes in at €1,500 million and at year-end, works for the sum of €123.5 million had been consigned in the backlog.

FCC Medio Ambiente increases its presence in the USA, in waste collection and treatment, with contracts in place worth more than €1,000 million

The subsidiary of FCC Medio Ambiente that provides integrated urban waste management and recycling services in the United States has been awarded several contracts:

- In April, the renovation and operation of a municipal solid waste treatment environmental complex in Placer County (California), involving a portfolio of some \$1.5 billion for a 10-year term and two possible five-year extensions. At 31 December, the registered backlog came to €595 million.
- In May, it won the tender for the residential collection of municipal solid waste (MSW) in the city of Port Saint Lucie, Florida. The contract, which started in September, involves a backlog of more than €281 million for a term of seven years, extendable for three additional years.
- Staying in the same state, the company was awarded the contract for the collection of MSW in the city of Palm Coast and Lake County, for the combined amount of €146 million and collection from the remaining public schools in Hillsborough County for the coming 3 years.

In December, a new acquisition was also made in the North American market following the buy-out of Houston Waste Solutions (HWS), one of the largest commercial MSW companies in the Houston metropolitan area. HWS also owns and operates a construction and demolition waste transfer centre in the city. The company serves more than 3,000 customers, with a fleet of 40 lorries, employing 70 people.

FCC Medio Ambiente maintains its leadership position in Spain, with new contracts worth more than €2,300 million

In Spain, FCC Medio Ambiente increased the size of its portfolio by more than 30%, as a result of several awards and renewals: in Zaragoza for urban waste collection and street cleaning in the capital, for more than €627 million over the next 10 years; in Madrid, the MSW contract for the West zone worth €446 million; in Vigo for waste management and street cleaning for the next 10 years, extendable to 12, for €380 million; renewal of the street cleaning and waste collection contract with the renovation and operation of the light packaging sorting plant in Salamanca, with a backlog of more than €236 million over the next 12 years; the award of the street cleaning and MSW contract (as part of a joint venture) in Alicante for the next 8 years worth €196 million; renewal of the urban sanitation contract in Gerona for 8 years for €107 million; extension for 8 years of the Badajoz City Council contract for street cleaning and waste collection, for €94 million; in Mijas the awarding of the street cleaning and MSW service for 10 years for €80 million and in Granollers (as part of a joint venture), waste collection and street cleaning services for the next 10 years worth €47 million.

Also in relation to treatment, in March the joint venture in which FCC Medio Ambiente holds a 29% interest was awarded the contract for the management of the waste complex on the island of Tenerife, for an attributable amount of €107.7 million and with a contract term of 15 years, extendable for a further four years.

FCC Aqualia awarded new contracts in Saudi Arabia and expands its international end-to-end water cycle management platform

FCC Aqualia has been awarded two new management, operation and maintenance (MOM) contracts in Saudi Arabia for the Southern Cluster and Northern Cluster in the months of February and September, respectively. The contracts (two of the six awarded in which the country has been divided) are for 7 years; the total population served will come to eight million people and the combined associated backlog amounts to €196 million.

In July, FCC Aqualia acquired 100% of the assets of Saur Colombia SAS, including six concessionary companies responsible for the production and distribution of drinking water and sewage in eleven towns across three regions on the northern coast of Colombia. Together, the various acquisitions undertaken in relation to the country's water cycle management amounted to €24 million.

In February, FCC Aqualia purchased 80% of the water business owned by Georgia Global Utilities JSC (GGU), the owner and operator of the water cycle infrastructures in Tbilisi, Mtskheta and Rustavi, Georgia, with an incorporated income backlog of €3,589 million at year-end.

FCC Concesiones acquires 100% of the Murcia tram for €48.5 million

In November, FCC Concesiones completed the buy-out of the remaining 50% of Sociedad Concesionaria Tranvía de Murcia for €48.5 million. The company manages the only line in the city for a period of 40 years, providing regular transport under a municipal concession. Its "V"-shaped structure is 18 kilometres long and connects the northern area of Murcia (universities, department stores and residential areas) to the city centre.

The Real Estate area steps up its development potential acquiring a share in Metrovacesa

On 24 April, the head of the Group's real estate area, FCC Inmobiliaria, launched a partial takeover bid for 24% of the capital in Metrovacesa; following this transaction, and based on the results published by the stock market regulator on 21 June, this saw the company's share in Metrovacesa come to 11.47%. Subsequently, last December, Metrovacesa distributed a scrip dividend, after which and based on the most recent notification sent to the National Securities Market Commission, FCC Inmobiliaria's holding amounts to 14.3%.

2.1.2. Executive Summary

KEY FIGURES			
(million euros)	Dec. 22	Dec. 21	Chg. (%)
Revenue	7,705.7	6,659.3	15.7%
Gross Operating Profit (EBITDA)	1,311.4	1,126.6	16.4%
<i>EBITDA Margin</i>	17.0%	16.9%	0.1 p.p
Net Operating Profit (EBIT)	610.5	802.2	-23.9%
<i>EBIT Margin</i>	7.9%	12.0%	-4.1 p.p
Income attributable to the parent company	315.2	580.1	-45.7%
Equity	4,939.0	4,440.7	11.2%
Net financial debt	3,192.7	3,225.7	-1.0%
Backlog	40,273.8	30,196.9	33.4%

This year, the FCC Group saw its revenue increase to €7,705.7 million, 15.7% up on 2021. The positive performance seen in all business activities is worth particular note, with double-digit increases. Particularly impressive was the growth in the Real Estate area, thanks to the wider perimeter of consolidation following the corporate transactions undertaken at the end of 2021.

Gross operating income (Ebitda) increased by 16.4% to €1,311.4 million. This is attributable to the combination of the increase in revenues and sustained operating margins in many activities, including the increases seen in the Water and Real Estate areas on account of the various acquisitions made, while the Cement area saw its revenue drop due to the higher costs of energy incurred as part of its operations. All in all, the gross operating margin stood at 17%, slightly up on last year.

In turn, Ebit came to €610.5 million, down on account of the aforementioned increase in Ebitda; this year, the figure included the reduction in the book value of goodwill in the Cement area for the sum of €200 million, attributable to the aforementioned adverse circumstances affecting its operating expenses. This contrasts with the positive net contribution of several items in 2021 under this heading, coming to a total combined value of €127.9 million, including the adjustment of the market value of several rental assets in the Real Estate area following their inclusion in the global consolidation perimeter.

Attributable net income reached €315.2 million, 45.7% down year-on-year. This change is attributable, in addition to the aforementioned performance of Ebit, the joint effect of a €56.5 million drop in Earnings from companies under the equity accounting method and Other financial profit/(loss), which, spread across several headings, include the 2021 impact of the sale of minority holdings in different companies, mainly concessions and energy.

Net financial debt ended the year at €3,192.7 million, slightly down compared to the end of 2021. This stable performance was achieved at the same time as significant investments were made in the year (with net payments of €1,010.6 million), in addition to the incorporation of the operating debt of various companies acquired on to the balance sheet, including GGU (owner and operator of the end-to-end water cycle in the Georgian capital) in the Water area and the Murcia tram in Concessions, with combined financial debt coming to €289.1 million.

Equity, standing at €4,939 million, grew by 11.2% compared to the figure recognised at the end of 2021, largely attributable to the contribution of consolidated profit for the year.

The FCC Group's income backlog stood at €40,273.8 million at year-end, maintaining the sustained growth seen throughout the year and generating an increase of 33.4%, with a notable increase in all business areas, with particular mention going to the volume of contracts in the Water area and the 65.4% variation seen in Construction.

2.1.3. Summary by Business Area

(Million Euros)

Area	Dec. 22	Dec. 21	Chg. (%)	% of 22 total	% of 21 total
REVENUE BY BUSINESS AREA					
Environment	3,641.1	3,244.9	12.2%	47.3%	48.7%
Water	1,323.2	1,169.5	13.1%	17.2%	17.6%
Construction	1,966.9	1,659.6	18.5%	25.5%	24.9%
Cement	516.5	433.8	19.1%	6.7%	6.5%
Real Estate*	270.8	147.9	83.1%	3.5%	2.2%
Corporate serv. and others	(12.8)	3.6	N/A	-0.2%	0.1%
Total	7,705.7	6,659.3	15.7%	100.0%	100.0%
REVENUE BY GEOGRAPHICAL AREA					
Spain	4,271.2	3,943.8	8.3%	55.4%	59.2%
United Kingdom	1,048.4	855.6	22.5%	13.6%	12.8%
Rest of Europe and Others	879.7	811.5	8.4%	11.4%	12.2%
America	760.3	376.0	102.2%	9.9%	5.6%
Czech Republic	385.4	346.6	11.2%	5.0%	5.2%
Middle East & Africa	360.7	325.8	10.7%	4.7%	4.9%
Total	7,705.7	6,659.3	15.7%	100.0%	100.0%
EBITDA**					
Environment	593.1	535.1	10.8%	45.2%	47.5%
Water	350.2	298.9	17.2%	26.7%	26.5%
Construction	122.8	102.6	19.7%	9.4%	9.1%
Cement	30.3	76.1	-60.2%	2.3%	6.8%
Real Estate*	142.6	40.0	N/A	10.9%	3.6%
Corporate serv. and others	72.4	73.9	-2.0%	5.5%	6.6%
Total	1,311.4	1,126.6	16.4%	100.0%	100.0%
OPERATING PROFIT/(LOSS)					
Environment	304.7	285.4	6.8%	49.9%	35.6%
Water	203.8	181.3	12.4%	33.4%	22.6%
Construction	89.4	71.1	25.7%	14.6%	8.9%
Cement	(203.3)	(90.3)	125.1%	-33.3%	-11.3%
Real Estate*	165.7	298.3	-44.5%	27.1%	37.2%
Corporate serv. and others	50.2	56.4	-11.0%	8.2%	7.0%
Total	610.5	802.2	-23.9%	100.0%	100.0%
NET FINANCIAL DEBT					
Corporate					
With recourse	(840.1)	(326.0)	157.7%	-26.3%	-10.1%
Without recourse	87.1	0.5	N/A	2.7%	0.0%
Areas					
Environment	1,227.6	1,289.7	-4.8%	38.5%	40.0%
Water	1,642.8	1,247.6	31.7%	51.5%	38.7%
Cement	157.6	124.4	26.7%	4.9%	3.9%
Real Estate*	917.7	889.7	3.1%	28.7%	27.6%
Total	3,192.7	3,225.7	-1.0%	100.0%	100.0%
BACKLOG					
Environment	13,255.5	10,746.4	23.3%	32.9%	35.6%
Water	20,312.7	15,361.1	32.2%	50.4%	50.9%
Construction	6,586.0	3,981.3	65.4%	16.4%	13.2%
Real Estate*	119.6	108.1	10.6%	0.3%	0.4%
Total	40,273.8	30,196.9	33.4%	100.0%	100.0%

*Real Estate presents its consolidated key figures for both business years separately.

2.1.4. Income Statement

<i>(million euros)</i>	Dec. 22	Dec. 21	Chg. (%)
Revenue	7,705.7	6,659.3	15.7%
Gross Operating Profit (EBITDA)	1,311.4	1,126.6	16.4%
<i>EBITDA Margin</i>	<i>17.0%</i>	<i>16.9%</i>	<i>0.1 p.p</i>
Provision for amortisation of fixed and non-current assets	(519.7)	(452.3)	14.9%
Other operating income	(181.1)	127.9	N/A
Net Operating Profit (EBIT)	610.5	802.2	-23.9%
<i>EBIT margin</i>	<i>7.9%</i>	<i>12.0%</i>	<i>-4.1 p.p</i>
Financial income	(119.1)	(110.5)	7.8%
Other financial profit/(loss)	29.6	57.5	-48.5%
P/L of companies accounted for by the equity method	29.6	58.2	-49.1%
Profit/(loss) before tax from continuing activities	550.7	807.5	-31.8%
Company tax on profits	(72.7)	(130.2)	-44.2%
Income from continuing operations	477.9	677.3	-29.4%
Net Income	477.9	677.3	-29.4%
Non-controlling interests	(162.7)	(97.1)	67.6%
Income attributable to the parent company	315.2	580.1	-45.7%

2.1.4.1. Revenue

Consolidated revenue grew to €7,705.7 million, up by 15.7% year-on-year. This performance was maintained throughout the year as a result of the combination of sustained organic growth in all business areas, enhanced by the contribution to the perimeter of the acquisitions made in the Real Estate and Water areas.

By the different business areas:

Environment recorded an increase of 12.2%, thanks to the general expansion in its various operating platforms, mainly due to the combination of the entry into service of new treatment contracts and street cleaning activity in Spain and collection and treatment in the USA, together with the increase in revenues in Central Europe and the UK, especially linked to waste treatment and recovery activities.

The revenue recognised by the Water area grew by 13.1%, on account of several factors, including the contribution of the end-to-end cycle management operations acquired in Georgia combined with the recovery in consumption across all geographies in the main water cycle management activity, mitigating the lower-than-expected contribution of Technology and Networks activities as a number of one-off international projects came to an end.

In Construction, revenue experienced growth of 18.5% compared to 2021, with a notable increase in Mexico, the UK and the Netherlands, although this was dragged down to some extent by completed or advanced projects, especially in Spain and Belgium.

The Real Estate area, for which figures have been presented separately since the fourth quarter of last year, enjoyed a significant increase in revenue to €270.8 million, up by 83.1% year-on-year, thanks both to the inclusion of Realia and Jezzine in the global consolidation perimeter in November 2021 and the increase in income during this period from both development activity and, to a lesser extent, from rental property.

Finally, in the Cement area, revenue enjoyed double-digit growth of 19.1% during the period, largely due to the increase in sales in Spain and exports.

Revenue breakdown by geographical area			
<i>(Million euros)</i>	Dec. 22	Dec. 21	Chg. (%)
Spain	4,271.2	3,943.8	8.3%
United Kingdom	1,048.4	855.6	22.5%
Rest of Europe and Others	879.7	811.5	8.4%
America	760.3	376.0	102.2%
Czech Republic	385.4	346.6	11.2%
Middle East & Africa	360.7	325.8	10.7%
Total	7,705.7	6,659.3	15.7%

Geographically, Spain reduced its relative contribution, down to 55.4% of the Group's total revenue, on €4,271.2 million, although this represented a year-on-year increase of 8.3%. With regards to the different areas of activity, the Environmental area's revenues rose by 7.5% due to the increase in all main activities of the waste management chain, especially collection and street cleaning. The Water area's revenues rose by 5.8%, due to a progressive recovery in the non-domestic volumes invoiced in end-to-end cycle concessions and water network actions linked to concessions. The contribution of the Construction area dropped by 1.7%, with a slowdown in expected project development. In the Cement area, revenue progressively increased to 19.7%, with an expansion attributable to higher sales prices. The Real Estate activity, which is concentrated entirely in Spain, has seen its revenues increase substantially (by €122.9 million), due both to the aforementioned integration of the Realia and Jezzine groups within its parent company, FCC Inmobiliaria, and to its increased property development activity this year. Lastly, it is worth mentioning that the Concessions area (included in the Corporate Services and Others heading, after completing the sale of some of its most significant concessions in the first quarter of 2021 and acquiring control of the Murcia tram in November) contributed €41 million in revenue this year, compared to €55 million last year.

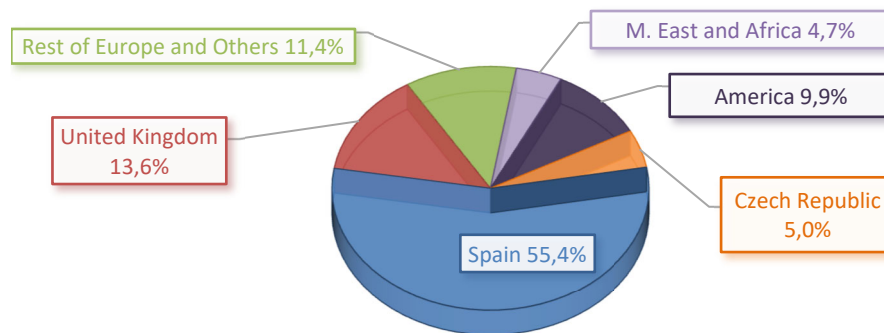
Moreover, revenue in the United Kingdom were up by 22.5% to €1,048.4 million, largely due to the recovery of the municipal waste treatment plant and recovery activity in the Environment area combined with an increase in concession activity in the Construction area.

In the EU, the Czech Republic registered an increase of 11.2% to €385.4 million, with a larger increase in waste management services in the Environment area and a more moderate increase in the end-to-end water cycle activity in the Water area. In turn, the Rest of Europe and Others, accounting for €879.7 million, saw growth of 8.4%, largely attributable to higher revenues linked to the end-to-end water cycle activity in Georgia. The level of activity registered by the Construction area slowed down, with the awarding of new contracts and the development of those in progress failing to fully offset the completion of and progress with other projects (in the case of Belgium).

Revenue in America, both in Latin America and the US, increased significantly by 102.2%, to €760.3 million, largely attributable to the increase in the execution of civil works projects in the Construction area, especially in Mexico, as well as the continued expansion of Environment in the collection and treatment of municipal waste in the USA.

Lastly, in the Middle East and Africa, activity recovered over the course of the year, with 10.7% growth, amounting to €360.7 million, largely as a result of the increase in activity as part of contracts under management in Water and the higher contribution of Construction in Saudi Arabia.

% Revenue by geographical area



2.1.4.2. Gross Operating Profit (EBITDA)

The Gross Operating Profit for the year amounted to €1,311.4 million, an increase of 16.4% compared to the previous year. This amount represents a 17% margin over income, similar to the 16.9% achieved in 2021, but with some significant key components: In a positive sense (i) the increase generated by the increase in revenues in the Environment and Construction areas together with Water, reinforced by higher operating profitability (ii) the contribution of rental activity in the Real Estate area, with an additional contribution of €82.4 million this year. On the negative side, (iii) the impact of higher energy costs, particularly noteworthy in the Cement area, which, combined with the fact that no emission rights were sold this year, saw a reduction in its Ebitda of €45.8 million as well as (iv) variations in the consolidation perimeter of various transport concession assets, on account of the sale executed in the first quarter of 2021 and the buy-out undertaken in the fourth quarter of 2022, which resulted in a drop in the net contribution of €5.9 million this year.

By business area, the most noteworthy developments have been:

The Environment area recorded €593.1 million, a 10.8% increase, in line with the revenues distributed across all activities of the value chain. The operating margin came in at 16.3%, similar to the 16.5% seen the previous year, with a balanced increase in the different types of services and by geographical area, notably in the USA.

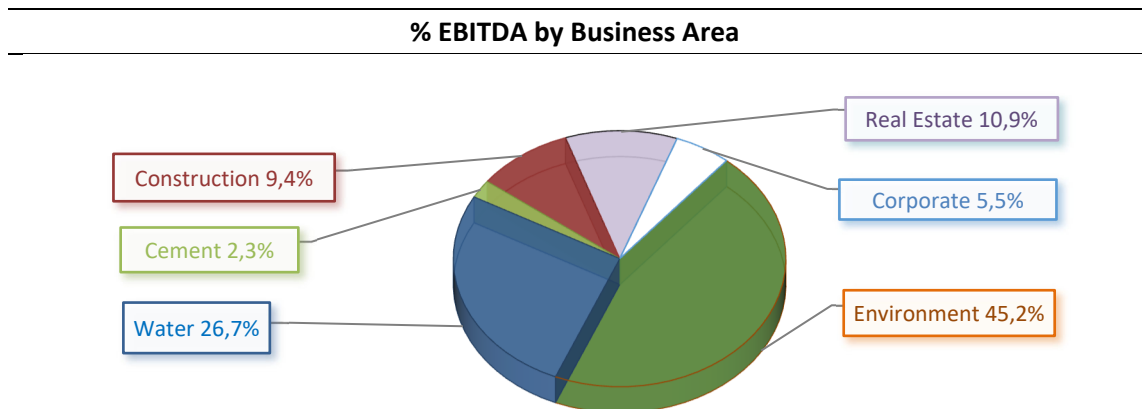
The Water area came in at €350.2 million, up by 17.2% year-on-year, thanks to the increased contribution of concessions and services activities, in particular following the acquisition made in Georgia, which, combined with the impact of higher non-domestic volume and tariffs in the main activity, offset the increase in energy costs. The margin therefore grew to 26.5% compared to 25.6% in 2021.

The Construction area recorded €122.8 million, up by 19.7% compared to 2021, improving the scheduling of projects by readjusting the margin anticipated in certain international contracts. This saw the operating margin maintained at 6.2%, similar to the figure recorded the previous year.

In Cement, EBITDA came to €30.3 million, a significant drop compared to the €76.1 million registered the previous year; this can mainly be attributed to the aforementioned impact of higher energy costs combined with the fact that no income was generated on the sale of CO2 (compared to €7.8 million in 2021).

The Real Estate area saw notable progress, recording €142.6 million, compared to €40 million the previous year, largely due to the consolidation of the Jezzine and Realia rental property activity in November 2021 (an increase in the combined contribution of rental assets of €82.4 million this year) together, albeit to a lesser extent, with the higher contribution made by the development and sale of land.

Corporate Services and Others include the infrastructure concession activity, to which the activity of the Cedinsa subgroup contributed until the end of the first quarter of 2021 and to which 100% of the Murcia tram concession now contributes following the buy-out of the remaining 50%; this is why the contribution of this activity dropped from €37.2 million in 2021 to €31.1 million this year



The performance of the utilities areas of Environment and Water maintained their high contribution to consolidated operating profit of 71.9% for the year as a whole. When adding in the recurring activity of real estate rental assets and concessions, this percentage contribution increases to 80.5% of the total.

2.1.4.3. Net Operating Profit (EBIT)

Net operating profit amounted to €610.5 million, 23.9% down on the previous year. This result reflects, in addition to the changes in gross operating profit, two other key factors in Other Operating Income/(Losses), namely: (i) This year, a €200 million adjustment was made to the value of goodwill in the Cement area, reflecting the impact of higher energy costs and (ii) in the opposite direction, in 2021, there was a net positive impact of €105.7 million, attributable to the accounting result generated by the global consolidation of Realia, raising the previously recorded level of the value of its rental real estate assets, of €241.7 million combined with the negative accounting impact of €136 million generated when adjusting the value of tangible fixed assets and goodwill in the Cement area.

2.1.4.4. Earnings before Taxes (EBT) from continuing operations

Earnings before tax from continuing activities came in at €550.7 million, 31.8% down on the €807.5 million generated in 2021. This result can largely be attributed to the performance operations, accompanied by a drop in Other profit/(loss) and the contribution of investees.

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

2.1.4.4.1. *Financial income*

The net financial profit/(loss) recognised came to -€119.1 million, compared to -€110.5 million the previous year, an increase of 7.8, reflecting both the limited effect of the increase in the average cost of financing and, to a greater extent, the average balance of financial debt this year compared to last one; this is largely attributable to the aforementioned expansion of the perimeter of Real Estate activities in the fourth quarter of 2021.

2.1.4.4.2. *Other financial profit/(loss)*

This heading includes an amount of €29.6 million in 2022, compared to €57.5 million last year. The positive contribution can be attributed to exchange rate of certain currencies compared to the euro, while the reduction compared to 2021 is on account of the €26.6 million contribution of profit generated on the disposal of several investees in the Concessions and Construction areas the previous year.

2.1.4.4.3. *Profits/(losses) of companies accounted for by the equity method*

The contribution made by investee companies came to €29.6 million, €28.6 million down on the previous year. This drop was attributable to a combination of factors, including: (i) the €52.7 million profit from the sale of most of the energy assets in which the Group has an interest, which includes both the gain up to the time of sale and the gain on disposal, (ii) the €17.6 million effect of the closing of the sale of the Ceal 9 and Urbicsa transport concessions and (iii) the -€45.9 million losses generated by Realia in the Real Estate area, which, to a large extent, includes its change of consolidation from the equity method to the full consolidation method following the completion of the takeover in November 2021.

2.1.4.5. Income attributable to the parent company

This year, this figure stood at €315.2 million, 45.7% down year-on-year, mainly due to the aforementioned adjustments in the Cement area and the decrease in the contribution of Other financial profit/(loss) and companies accounted for using the equity method, which included the previous year's non-recurring elements described above. Furthermore, corporate income tax includes the sum of €89.6 million this year following the activation of tax loss carryforwards that it is estimated will be offset in the future.

2.1.4.6. Profit and loss statement figures on a pro rata basis

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

	Dec. 22	Dec. 21	Chg. (%)
Revenue	7,306.0	6,475.4	12.8%
Gross Operating Profit (EBITDA)	1,098.6	1,066.1	3.0%
<i>EBITDA Margin</i>	<i>15.0%</i>	<i>16.5%</i>	<i>-1.4 p.p</i>
Net Operating Profit (EBIT)	449.1	775.9	-42.1%
<i>EBIT margin</i>	<i>6.1%</i>	<i>12.0%</i>	<i>-5.8 p.p</i>
Income attributable to the parent company	315.2	580.1	-45.7%

2.1.5. Balance Sheet

<i>(million euros)</i>	Dec. 22	Dec. 21	Chg. (€M)
Intangible fixed and non-current assets	2,342.1	2,445.2	(103.1)
Property, plant and equipment	3,496.8	2,862.5	634.3
Real Estate investments	2,122.9	2,069.2	53.7
Investments accounted for using the equity method	502.6	533.8	(31.2)
Non-current financial assets	910.6	604.0	306.6
Deferred tax assets and other non-current assets	499.5	559.2	(59.7)
Non-current assets	9,874.5	9,074.1	800.4
Inventory	1,143.2	1,107.3	35.9
Trade and other receivables	2,468.0	2,340.9	127.1
Other current financial assets	221.3	184.4	36.9
Cash and cash equivalents	1,575.5	1,535.5	40.0
Current assets	5,408.0	5,168.1	239.9
TOTAL ASSETS	15,282.5	14,242.2	1,040.3
Equity attributable to shareholders of the parent company	3,387.9	3,007.1	380.8
Non-controlling interests	1,551.1	1,433.6	117.5
Equity	4,939.0	4,440.7	498.3
Subsidies	202.9	192.2	10.7
Non-current provisions	1,141.7	1,167.3	(25.6)
Long-term financial debt	3,860.7	3,294.3	566.4
Other non-current financial liabilities	410.6	438.7	(28.1)
Deferred tax liabilities and other non-current liabilities	430.7	473.4	(42.7)
Non-current liabilities	6,046.6	5,565.9	480.7

Current provisions	148.1	147.9	0.2
Short-term financial debt	1,121.8	1,651.2	(529.4)
Other current financial liabilities	211.3	169.0	42.3
Trade and other payables	2,815.7	2,267.5	548.2
Current liabilities	4,296.9	4,235.6	61.3
TOTAL LIABILITIES	15,282.5	14,242.2	1,040.3

2.1.5.1. Property, plant and equipment and investment property

Property, plant and equipment and real estate investments at year-end jointly came to €5,619.7 million, up by €688 million year-on-year. This increase is mainly attributable to the inclusion of the end-to-end water cycle management assets corresponding to GGU in Georgia and, to a lesser extent, investments in the Environment area.

2.1.5.2. Investments accounted for using the equity method

Investments accounted for using the equity method amounted to €502.6 million at the end of the year, with the following breakdown of the most significant investments:

- 1) €194.9 million for the stake in companies in the Environment area (recycling and municipal services, mainly in Spain and the United Kingdom).
- 2) €118.3 million for the stake in transport and public infrastructure concessions, mainly in Spain, Peru and the United Kingdom.
- 3) €72.8 million for stakes held in companies in the Water area, largely concessionary companies that manage services abroad (North Africa, Spain and Mexico).
- 4) €42.7 million from the subsidiaries of the parent company in the Cement area.
- 5) €40 million from investee companies in the Real Estate area.
- 6) €33.9 million in investees in the Construction area located abroad

The reduction of this heading is mainly due to the change in the consolidation method of the Tranvía de Murcia, that after taking its control has been consolidated globally in this year (note 4).

2.1.5.3. Non-current financial assets

Non-current financial assets increased by €306.6 million to €910.6 million; this increase can be attributed to the investment made in a non-controlling interest in a development company by the Real Estate area in June, meaning that at year-end, the breakdown of the value of the investment in equity of the most relevant investees was as follows:

€133.5 million in companies in the Real Estate area.

€20.9 million in Water and Environment companies.

€8.6 million in other holdings.

This heading also includes, but is not limited to, the increase in collection rights from concession agreements, located mainly in the Environment and Water areas combined with the inclusion of Murcia Tram concession activity in the consolidation perimeter.

2.1.5.4. Cash and cash equivalents

The balance of Cash and cash equivalents came to €1,575.5 million, €40 million up year-on-year, mainly on account of the strong performance of working capital and despite the higher payments made in relation to investments.

This balance is distributed in such a way that:

- 1) In the perimeter with recourse, cash and equivalents totalled €790.8 million.
- 2) In the perimeter without recourse, cash and equivalents amounted to €784.7 million.

2.1.5.5. Equity

Equity at year-end came to €4,939 million, up by €498.3 million on year-end 2021. This increase was mainly due to the contribution of €477.9 million in net attributable profit during the period.

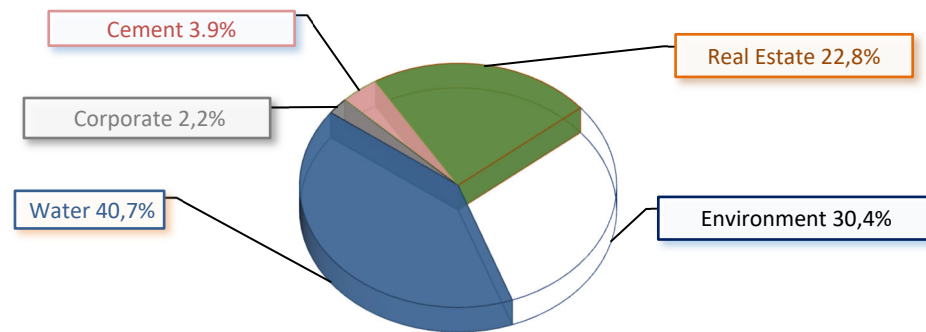
2.1.5.6. Financial Debt

<i>(million euros)</i>	Dec. 22	Dec. 21	Chg. (€M)
Bank borrowings	2,778.4	1,742.6	1,035.8
Debt instruments and other loans	2,040.8	3,031.5	(990.7)
Finance lease payables	24.9	37.3	(12.4)
Other financial liabilities	138.4	134.1	4.3
Gross Financial Debt	4,982.5	4,945.5	37.0
Cash and other current financial assets	(1,789.8)	(1,719.8)	(70.0)
Net Financial Debt	3,192.7	3,225.7	(33.0)
<i>Net financial debt with recourse</i>	<i>(677.2)</i>	<i>(326.0)</i>	<i>(351.2)</i>
<i>Net financial debt without recourse</i>	<i>3,869.9</i>	<i>3,551.7</i>	<i>318.2</i>

At year-end, the Group's gross financial debt remained almost the same as in December of the previous year, at €4,982.5 million. It is worth mentioning that 77.5% have a long-term maturity, for the sum of €3,860.7 million, divided between bank debt and capital market debt. The remainder of this indebtedness, 22.5%, matures in the short term, with the main balance of this corresponding to a bond from the Environment area maturing next December and the remainder to bilateral facilities and commercial paper issued on the Irish Stock Exchange by the Group's parent company and the Environment area's parent company.

In turn, the balance of net financial debt decreased by €33 million year-on-year, to €3,192.7 million. This has been achieved despite (i) the impact of the acquisition and incorporation into the balance sheet of the operating debt of GGU (owner and operator of the end-to-end water cycle in the Georgian capital) into the Water area in February, (ii) the investment made as part of the acquisition of a non-controlling financial interest by the Real Estate area and (iii) the acquisition of the remaining 50% in the Murcia Tram concession in Spain. The determining factor that allowed the financial debt balance to be contained during the year was the generation of the operating cash flow, supported by the performance of working capital, especially in the Construction area.

Breakdown of Net Financial Debt by Business Area



As is standard as part of the Group's financial policy, almost all of the net financial debt is without recourse and is mostly located in the Water Utilities and Environment areas and in the recurrent activity of rental property in Real Estate. As a result, the Group's parent company had a net cash position with recourse of €677.2 million at the end of last December.

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

- (i) The Water area accounts for an amount of €1,642.8 million, which mainly includes the financing of a corporate bond for its parent company with a balance of €658 million, maturing in 2027, and a long-term syndicated loan for €1,100 million taken out last June; (ii) the Environment area accounts for €1,227.6 million, of which the majority corresponds to bonds issued in 2019 by the parent company of the area, a further €116.3 million to activity in the United Kingdom and €34.2 million to activity in the USA. (iii) the Real Estate area accounts for €754.8 million in relation to rental property activity; (iv) the Cement area accounts for €157.6 million and (v) concessions activity accounts for €87.1 million

2.1.5.7. Other current and non-current financial liabilities

Other current and non-current financial liabilities comes to €621.9 million at the end of the year. The balance mainly includes the item suppliers of fixed and non-current assets for operating leases, amounting to €400.5 million. It also includes other liabilities that are not financial liabilities, such as those associated with hedging derivatives, suppliers of fixed and non-current assets, guarantees and deposits received.

2.1.6. Cash Flow

<i>(Million euros)</i>	Dec. 22	Dec. 21	Chg. (%)
Gross Operating Profit (EBITDA)	1,311.4	1,126.6	16.4%
(Increase)/decrease in working capital	285.3	(167.9)	N/A
Corporation tax (paid)/received	0.7	(135.6)	N/A
Other operating cash flow	(51.6)	(76.9)	-32.9%
Operating cash flow	1,545.8	746.2	107.2%
Investment payments	(1,062.1)	(557.9)	90.4%
Divestment receipts	51.5	568.6	-90.9%
Other investment cash flows	72.6	182.4	-60.2%
Investment cash flow	(938.0)	193.1	N/A
Interest paid	(123.7)	(99.1)	24.8%
(Payment)/receipt of financial liabilities	(333.9)	(269.3)	24.0%
Other financing cash flow	(109.6)	(259.3)	-57.7%
Financing cash flow	(567.2)	(627.7)	-9.6%
Exchange differences, change in consolidation scope, etc.	(0.6)	1.8	N/A
Increase/(decrease) in cash and cash equivalents	40.0	313.4	-87.2%

2.1.6.1. Operating cash flow

The operating cash flow generated this year came to €1,545.8 million, €799.6 million up on the previous year, on account of the increase in operating resources generated, as well as the impressive performance of working capital. With this in mind, current operating capital generated funds of €285.3 million, concentrated in the Construction area, which compares favourably with the application of €167.9 million the previous year.

Collections/(payment) of corporation tax includes an inflow of €0.7 million compared to the outflow of €135.6 million in the previous year, attributable to the corporation tax generated on the sale of several transport concessions for the amount of €33 million while in 2022, tax refunds corresponding to 2020 and 2021 were obtained.

The heading other operating cash flow includes an outflow of €51.6 million compared to €76.9 million the previous business year, due to the reduced application of provisions mainly in the different areas.

2.1.6.2. Investment cash flow

The investment cash flow represents an application of €938 million, a significant change from the generation of €193.1 million the previous year.

Payment for Investments increased by €504.2 million, coming to a total of €1,062.1 million. By business areas, Environment contributed the highest payments, amounting to €428.1 million, with the year-on-year increase attributable to the higher investments in Spain and the US, both as part of renewed contracts and new awards and acquisitions. In the Water area, payments for investments rose to €370.6 million, with the acquisition of GGU, the company responsible for managing of the end-to-end water cycle in Georgia, serving as the main component, for the sum of €159 million, as well as other new investments in concessions in Colombia and hydraulic assets in Spain.

To this end, the investment of €138 million corresponding to the acquisition of a non-controlling in a property development firm in the Real Estate area last June is worth particular mention, as is the acquisition of the remaining 50% stake in the Murcia Tram for the sum of €48.5 million.

The breakdown of net investments by business area, excluding other cash flows from investment activities, in terms of payments and collections, is as follows:

<i>(Million euros)</i>	Dec. 22	Dec. 21	Chg. (€M)
Environment	(407.5)	(291.8)	(115.7)
Water	(362.9)	(86.8)	(276.1)
Construction	(21.4)	0.5	(21.9)
Cement	(22.2)	(10.9)	(11.3)
Real Estate	(154.4)	(64.9)	(89.5)
Corporate serv., etc. & adjustments	(42.2)	464.6	(506.8)
Net investments (Payments - Collections)	(1,010.6)	10.7	(1,021.3)

In turn, Other investment flows includes an inflow of €72.6 million during the year compared to €182.4 million the previous year; this includes, but is not limited to, the collection of interest for the sum of €29.3 million and the receipt of cash and equivalents following the inclusion of acquired companies in the consolidation perimeter during the year with GGU in the Water area worth particular mention, for a total of €15.9 million

2.1.6.3. Financing cash flow

The consolidated financing cash flow generated represents an application of €567.2 million compared to €627.7 million in the previous year. The interest payment item shows an outflow of €123.7 million, mainly concentrated in the Water and Environment areas and to a lesser extent, the Real Estate area.

Proceeds from/(payments on) financial liabilities entails the application of the financing flow of €333.9 million during this period, concentrated in the refinancing process undertaken in the Water area during the second quarter of the year.

Furthermore, Other financing flows entails an outflow of €109.6 million, €149.7 million less than last year, which included investments in the Real Estate area. This mainly includes the payment of dividends to shareholders of the parent company and the series of minority shareholders of the consolidated group for a total amount of €73.2 million.

2.1.6.4 Change in cash and cash equivalents

As a result of the development of the different components of the cash flow, FCC Group's cash position closed with an increase of €40 million, reaching a balance of €1,575.5 million.

2.1.7. Analysis by business area

2.1.7.1. Environment

The Environment area contributed 45.2% of the Group's EBITDA in the 2022 business year. Around 79.5% of its activity focused on the provision of essential waste collection, treatment and disposal services, as well as street cleaning. The remaining 20.5% corresponded to other types of urban environmental activities, such as the conservation of green areas and/or beaches.

In Spain, it provides services in more than 3,700 municipalities and serves a population of more than 32 million inhabitants. It is worth mentioning the important weight of the urban waste management and street cleaning services. In the UK, it focuses on urban waste treatment, recovery and disposal activities and serves more than 16 million people. In Central Europe, mainly Austria and the Czech Republic, FCC is present across the entire waste management chain (collection, treatment and disposal). FCC's activity in the US involves both in the collection and comprehensive recovery of municipal waste, serving more than 8 million residents.

2.1.7.1.1. Earnings

<i>(million euros)</i>	Dec. 22	Dec. 21	Chg. (%)
Turnover	3,641.1	3,244.9	12.2%
<i>Waste collection and street cleaning</i>	<i>1,765.0</i>	<i>1,550.0</i>	<i>13.9%</i>
<i>Waste processing</i>	<i>1,130.1</i>	<i>1,067.5</i>	<i>5.9%</i>
<i>Other services</i>	<i>746.0</i>	<i>627.4</i>	<i>18.9%</i>
EBITDA	593.1	535.1	10.8%
<i>EBITDA Margin</i>	<i>16.3%</i>	<i>16.5%</i>	<i>-0.2 p.p</i>
EBIT	304.7	285.4	6.8%
<i>EBIT margin</i>	<i>8.4%</i>	<i>8.8%</i>	<i>-0.4 p.p</i>

Revenues in the Environment area were up 12.2% year-on-year to reach €3,641.1 million. Waste collection and street cleaning activity billed €1,765 million, recording growth of 13.9% on account of the entry into operation of new contracts, especially in Spain and the USA, as well as for the strong performance seen in Central Europe. Waste treatment activity was up 5.9% to €1,130.1 million, due to the higher contribution of recovery plants in the UK and the increase in activity in Central Europe, alongside the activity of a new plant in the USA. Other services and similar grew by 18.9% to €746 million.

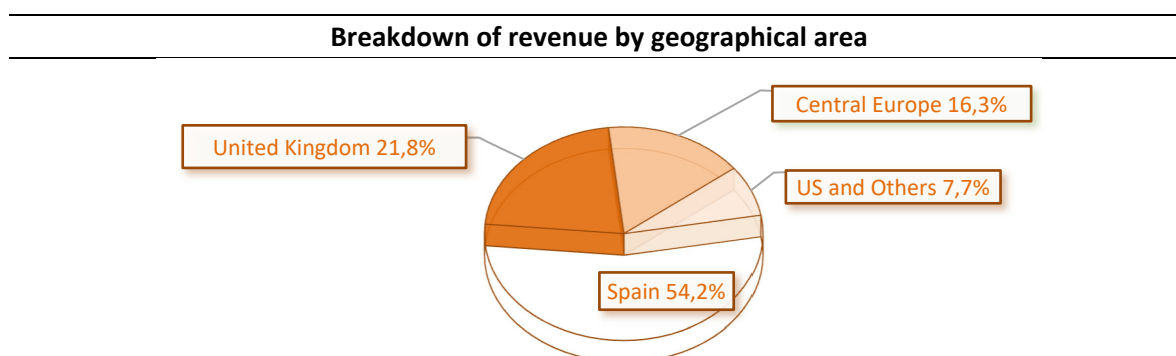
Breakdown of revenue by geographical area			
(Million euros)	Dec. 22	Dec. 21	Chg. (%)
Spain	1,975.2	1,837.2	7.5%
United Kingdom	794.9	708.3	12.2%
Central Europe	592.2	550.7	7.5%
United States and other	278.8	148.7	87.5%
Total	3,641.1	3,244.9	12.2%

By geographical area, revenues in Spain increased by 7.5% year-on-year to €1,975.2 million on account of the high volumes of contracts for street cleaning and collection activities combined with the increase in volume of operations performed in other types of services.

In the United Kingdom, revenue increased by 12.2% to €794.9 million, mainly on account of the higher contribution by recovery plants, supported by the increase in the price of energy.

In Central Europe, revenue increased by 7.5% to €592.2 million on account of the increase in contribution by all activities, in particular waste collection and the sale of by-products in the Czech Republic, as well as treatment in Austria.

Last but not least, revenue in the United States and other markets increased by an impressive 87.5% to €278.8 million on account of the entry into operation of new residential collection contracts as well as the increase in contribution by other existing contracts, combined with the contribution of the new contract for the renovation and operation of the municipal solid waste treatment plant in Placer County (California).



EBITDA increased by 10.8% to €593.1 million on account of the developments described above for revenue, combined with the increase in the price of energy that has resulted in the recovery activity contributing more in the United Kingdom and Austria and offset by the increase in energy costs linked the collection activities. With this in mind, the operating margin remained at similar levels to the previous year.

EBIT increased by 6.8% year-on-year to €304.7 million thanks to the performance of the different components mentioned in the EBITDA and an increase in the allocation of amortisations made.

Breakdown of backlog by geographical area

<i>(million euros)</i>	Dec. 22	Dec. 21	Chg. (%)
Spain	8,224.1	6,300.6	30.5%
International	5,031.4	4,445.8	13.2%
Total	13,255.5	10,746.4	23.3%

At year-end, the backlog increased by 23.3% compared to 2021 to €13,255.5 million. In Spain, it increased by 30.5%, where the urban sanitation and street cleaning contracts in Zaragoza and the urban collection and sanitation contract in Madrid are worth particular mention. Looking further afield, the backlog amounted to €5,031.4 million internationally, 13.2% up on December the previous year, mainly on account of new contracts in the USA like the integrated management and recycling contract in Placer County (California) or residential collection contract in Port Saint Lucie (Florida).

2.1.7.1.2. Financial Debt

<i>(million euros)</i>	Dec. 22	Dec. 21	Chg. (€M)
Net Financial Debt	1,227.6	1,289.7	(62.1)

Net financial debt fell by €62.1 million compared to December 2021 to €1,227.6 million. The main component of this heading are green loans, for a combined amount of €1,100 million. The remainder corresponds to commercial paper and the financing of a project involving waste treatment and recycling plants, mainly in the United Kingdom.

2.1.7.2. Water

The Water area contributed 26.7% of FCC Group's EBITDA in the period. 91.6% of its activity is focused on public service concession management related to the end-to-end water cycle (collection, treatment, storage and distribution) and the operation of different types of water infrastructures; the remaining 8.4% corresponds to Technology and Networks, which is responsible for the design, engineering and equipment of hydraulic infrastructures, related in the large part to the development of new concessions and ancillary works for operations.

In Spain the area serves over 13 million inhabitants in more than 1,100 municipalities. In Central and Eastern Europe, it is mainly present in the Czech Republic and Georgia, serving close to 3 million users across the two countries; in the remainder of the EU, its presence in Italy, Portugal and France is worth particular mention. In Latin America, the Middle East, and Africa its activity centres on the design, equipping, and operation of processing plants. Overall, the Water area provides supply and/or sanitation services to more than 30 million inhabitants.

2.1.7.2.1. Earnings

<i>(million euros)</i>	Dec. 22	Dec. 21	Chg. (%)
Turnover	1,323.2	1,169.5	13.1%
<i>Concessions and services</i>	<i>1,212.2</i>	<i>1,053.3</i>	<i>15.1%</i>
<i>Technology and networks</i>	<i>111.0</i>	<i>116.2</i>	<i>-4.5%</i>
EBITDA	350.2	298.9	17.2%
<i>EBITDA Margin</i>	<i>26.5%</i>	<i>25.6%</i>	<i>0.9 p.p</i>
EBIT	203.8	181.3	12.4%
<i>EBIT margin</i>	<i>15.4%</i>	<i>15.5%</i>	<i>-0.1 p.p</i>

Revenue increased by 13.1% to €1,323.2 million on account of the increase in full-cycle property and concession activity, mainly thanks to the contribution to the perimeter of Georgia Global Utilities (GGU) in Georgia since last February and the increase in non-domestic consumption. At the other end of the scale, Technology and Networks activity contracted by 4.5% following the completion of a number of one-off international projects, in particular in the Middle East and Africa, which was offset by growth in Spain.

Breakdown of revenue by geographical area			
<i>(million euros)</i>	Dec. 22	Dec. 21	Chg. (%)
Spain	861.4	814.2	5.8%
Central and Eastern Europe	190.0	113.6	67.3%
Middle East, Africa and Other	131.1	112.4	16.6%
Rest of Europe (France, Portugal and Italy)	92.3	80.8	14.2%
Latin America	48.4	48.5	-0.2%
Total	1,323.2	1,169.5	13.1%

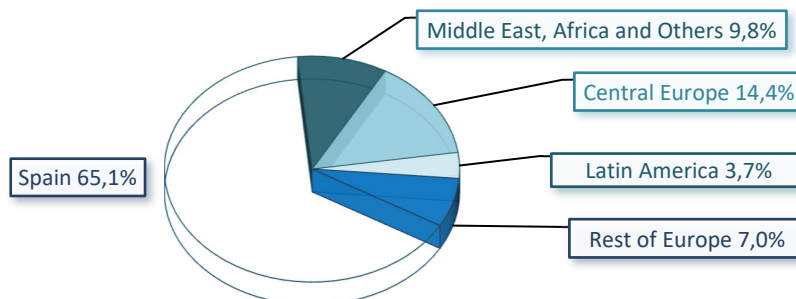
By geographical area, revenues in Spain increased by 5.8% to €861.4 million. This growth came both in concession activity, following the growth in m3 billed in the non-domestic market combined with a tariff increase, which offset the reduction in domestic consumption, and thanks to the strong performance of Technology and Networks activity, supported by the increase in activity performed through investment plans associated with concession contracts.

Looking abroad, Central and Eastern Europe registered the strongest growth, by an outstanding 67.3% to €190 million. The biggest contribution came in end-to-end cycle activity on account of the aforementioned acquisition of GGU. The Czech Republic also experienced growth following the tariff update and the favourable performance of the Czech koruna (4.4% in the reappraisal period). In the Rest of Europe, revenue increased by 14.2% to €92.3 million on account of a new concession contract secured in France and the increase in volume of infrastructure actions at the Aque di Caltanissetta concession in Sicily.

In the Middle East, Africa and Others, revenue increased by 16.6% to €131.1 million on account of the increase in concession activity due to new contracts in Qatar and Saudi Arabia, as well as the increase in contribution of the Abu Rawash wastewater treatment plant in Egypt. In contrast, Technology and Networks activity decreased on account of the decrease in contribution from contracts that have come to an end or that are coming to an end.

Finally, in Latin America, revenue remained practically the same as last year, at €48.4 million. Concession activity in Colombia increased and offset the reduction of activity seen in Technology and Networks, both in Mexico and in Colombia itself, in projects that are already at very advanced stages.

Breakdown of revenue by geographical area



EBITDA increased by 17.2% to €350.2 million on account of the increase in operating profitability of GGU and, to a lesser extent, the decrease in the contribution by Technology and Networks activities. This largely offset the increase in the cost of electricity. With this in mind, the operating margin rose to 26.5% during the year.

Net operating profit (EBIT) was up by 12.4% compared to December last year, totalling €203.8 million on account of the performance of gross operating profit, as discussed previously. The increase in amortisation expense is worth particular note on account of the increase in volume of owned operating assets.

Breakdown of backlog by geographical area

<i>(million euros)</i>	Dec. 22	Dec. 21	Chg. (%)
Spain	7,049.2	7,149.6	-1.4%
International	13,263.5	8,211.5	61.5%
Total	20,312.7	15,361.1	32.2%

The backlog at year-end came to €20,312.7 million, 32.2% up on December 2021. This increase is mainly attributable to the international area, which grew by a remarkable 61.5% to €13,263.5 million following the incorporation of GGU, as well as other smaller growth in Colombia and Saudi Arabia.

2.1.7.2.2. Financial Debt

<i>(million euros)</i>	Dec. 22	Dec. 21	Chg. (€M)
Net Financial Debt	1,642.8	1,247.6	395.2

Net financial debt increased by €395.2 million at year-end to €1,642.8 million, on account in the increase in payments in relation to growth investments and the incorporation of the operating debt of acquired companies, in particular the amounts related to the incorporation of GGU.

2.1.7.3. Construction

The Construction area contributed 9.4% of the FCC Group's EBITDA at the end of the business year. Its activity focuses on the design and construction of large civil, industrial and building works, with a selective presence in certain regions, currently around 15 countries. Special mention should go to participation in major works like railways, tunnels, motorways and football stadiums that constituted a major part of the activity.

<i>(million euros)</i>	Dec. 22	Dec. 21	Chg. (%)
Turnover	1,966.9	1,659.6	18.5%
EBITDA	122.8	102.6	19.7%
<i>EBITDA Margin</i>	<i>6.2%</i>	<i>6.2%</i>	<i>0.1 p.p</i>
EBIT	89.4	71.1	25.7%
<i>EBIT margin</i>	<i>4.5%</i>	<i>4.3%</i>	<i>0.3 p.p</i>

Revenue in the area was up by 18.5% to €1,966.9 million, largely due to the strong pace of project performance in Latin America and several European countries, offsetting the lower activity levels in Spain.

Breakdown of revenue by geographical area

<i>(million euros)</i>	Dec. 22	Dec. 21	Chg. (%)
Spain	870.1	885.2	-1.7%
Rest of Europe and Others	501.7	419.2	19.7%
America	434.3	209.4	107.4%
Middle East and Africa	160.8	145.8	10.3%
Total	1,966.9	1,659.6	18.5%

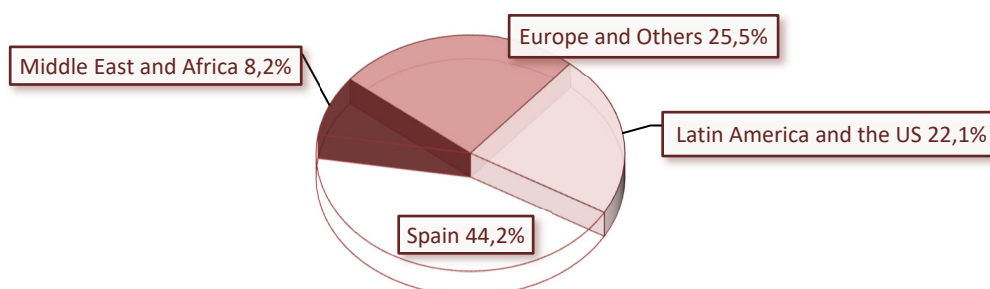
By geographical area, revenue in Spain contracted by 1.7%, to €870.1 million, despite the strong progress made with the remodelling of the Santiago Bernabéu football stadium.

In contrast, in the Rest of Europe and other markets, revenue grew by 19.7% year-on-year, coming to €501.7 million, mainly on account of the development of the A-9 motorway in the Netherlands and A-465 in Wales (United Kingdom), which offset the decrease in the contribution of other works, such as the Haren prison in Belgium, which came to an end.

In America, revenue grew significantly to €434.3 million, 107.4% up on the previous year, largely on account of the higher contribution of the Mayan Train project in Mexico combined with the sustained progress with works including the Toyo Tunnel in Colombia, the Lima Metro in Peru and the start of the RER-3 in Toronto (Canada).

The Middle East and Africa contributed to the increase in area's revenue, up by 10.3%, to €160.8 million. Progress with the Riyadh Metro is worth particular note, with its completion having been extended until April 2024, following an additional contract awarded to FCC Construcción worth more than €200 million; also responsible for the increase in activity in the future is the recent significant award of a railway tunnel in the Neom region, in the northwest of the country.

Breakdown of revenue by geographical area



Gross operating profit increased by 19.7% to €122.8 million compared to €102.6 million the previous year. This increase can be attributed to the evolution of income mentioned previously combined with upward adjustments in the degree of progress of certain international projects. As a result, the operating margin for the period increased by 6.2% year-on-year.

In turn, net operating profit totalled €89.4 million, compared to €71.1 million for the previous year, thanks to the performance of gross operating earnings, as mentioned previously.

Breakdown of backlog by geographical area

<i>(million euros)</i>	Dec. 22	Dec. 21	Chg. (%)
Spain	1,817.3	1,368.0	32.8%
International	4,768.7	2,613.3	82.5%
Total	6,586.0	3,981.3	65.4%

The revenue backlog increased significantly at the end of December to €6,586 million, a significant increase of 65.4%; it did so in a general manner, although more markedly at an international level, mainly on account of the new contracts signed, including for the Neom Tunnel in Saudi Arabia, the Sotra bridge in Norway, the new railway contracts in Romania and the initial phase of the RER-3 project in Canada, as well as the increase in scope of the Riyadh Metro in Saudi Arabia and the Maya Train in Mexico..

Breakdown of the Backlog by Activity Segment

<i>(million euros)</i>	Dec. 22	Dec. 21	Chg. (%)
Civil engineering works	5,569.7	3,301.6	68.7%
Building	503.9	426.3	18.2%
Industrial Projects	512.4	253.4	102.2%
Total	6,586.0	3,981.3	65.4%

By activity type, civil engineering continues to dominate, accounting for 84.6% of the total, concentrated in large public contracts in certain key and selective markets in Europe, America and the Middle East.

2.1.7.4. Cement

The Cement area contributed 2.3% of the FCC Group's EBITDA in the business year. This activity was undertaken by the CPV Group, which focuses on manufacturing cement and by-products, with seven main production centres in Spain and 1 in Tunisia, in addition to a minority stake of 45% in Giant Cement, which operates a number of factories on the east coast of the USA.

2.1.7.4.1. Earnings

<i>(million euros)</i>	Dec. 22	Dec. 21	Chg. (%)
Turnover	516.5	433.8	19.1%
<i>Cement</i>	476.6	393.2	21.2%
<i>Other</i>	39.9	40.6	-1.7%
EBITDA	30.3	76.1	-60.2%
<i>EBITDA Margin</i>	5.9%	17.5%	-11.7 p.p
EBIT	(203.3)	(90.3)	125.1%
<i>EBIT margin</i>	-39.4%	-20.8%	-18.5 p.p

Income in the area grew by 19.1%, coming to €516.5 million on account of the substantial increase in prices seen in the Spanish and Tunisian markets, although to a lesser extent; this helped to offset the decrease in volumes invoiced in both countries, combined with the strong performance of exports in both markets.

Breakdown of revenue by geographical area

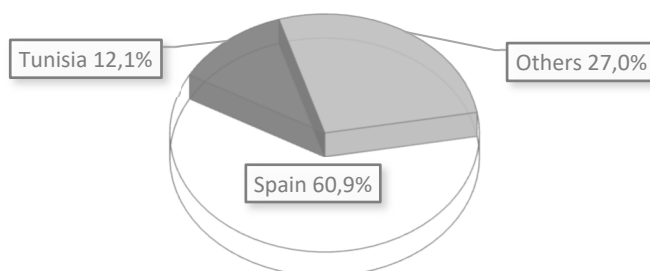
<i>(million euros)</i>	Dec. 22	Dec. 21	Chg. (%)
Spain	314.6	262.9	19.7%
Tunisia	62.6	57.8	8.3%
Miscellaneous (exports)	139.3	113.1	23.2%
Total	516.5	433.8	19.1%

By geographical areas, in Spain, revenue increased by 19.7% to €314.6 million on account of the significant increase in prices, concentrated in the first half of the year; this offset the drop in volume invoiced.

In the local market in Tunisia, revenue grew by 8.3% to €62.6 million, due, as in the case of Spain, but more moderately so, to the increase in prices, helping to absorb the drop in demand.

Elsewhere, income from exports grew by 23.2% to €139.3 million on account of the strong performance of the prices of remittances sent to other European countries combined with an increase in shipments made from Tunisia.

Breakdown of revenue by geographical area



In turn, gross operating profit/(loss) decreased to €30.3 million compared to €76.1 million the previous year. This decrease, in Spain, was caused by the significant increase in the price of electricity and fuel, which tempered towards the end of the year. In Tunisia, this was also due to the increase in the cost of both supplies, although the impact was more evident in the second half of the year. Furthermore, in 2022, no CO2 rights were sold, compared to the €7.8 million sold the previous year.

Net operating profit/(loss) stood at -€203.3 million, mainly due to a €200 million adjustment to the value of various property, plant and equipment assets and goodwill, in order to reflect their estimated future cash generation capacity.

2.1.7.4.2. Financial Debt

(Million euros)	Dec. 22	Dec. 21	Chg. (€M)
Net financial debt	157.6	124.4	33.2

Net financial debt, in its entirety without recourse to the parent company of the Group, increased by €33.2 million compared to December the previous year, with a balance of €157.6 million at year-end as a result of the absorption of cash from operations and investments during the period, testament to a situation affected by very high energy costs.

2.1.7.5. Real Estate

The Real Estate area contributed 10.9% of the FCC Group's EBITDA during the year. Its activity is centred in Spain and is structured in two main activities, with the first being the holding, development, and operation of all types of real estate on a rental basis (mainly offices, premises, and shopping centres). This is in addition to the development for sale of properties, which includes the urban management of its land portfolio, providing development management services for third parties.

2.1.7.5.1. Earnings

<i>(million euros)</i>	Dec. 22	Dec. 21	Chg. (%)
Turnover	270.8	147.9	83.1%
<i>Equity</i>	106.7	17.2	N/A
<i>Development and land</i>	164.1	130.7	25.6%
EBITDA	142.6	40.0	N/A
<i>EBITDA Margin</i>	52.7%	27.0%	25.6 p.p
EBIT	165.7	298.3	-44.5%
<i>EBIT margin</i>	61.2%	201.7%	-140.5 p.p

The area's revenue came to €270.8 million at the end of the year, which represents significant growth year on year, due in large part to the aforementioned inclusion in the global consolidation perimeter of the Realia Group and Jezzine at the end of 2021, as well as the organic growth of rental income and increase in property development activity.

In Equity, revenue amounted to €106.7 million, compared to its low contribution the previous year, having included the contribution of Jezzine and the rental activity of the Realia Group during the year. Its income came mainly from the rental of Jezzine's branches for banking use and the income generated in the operation of Realia's offices and department stores. The average occupancy level was 94.3%, very similar to the previous year, with a leasable surface area that was equally very stable, coming in at over 550,000 m².

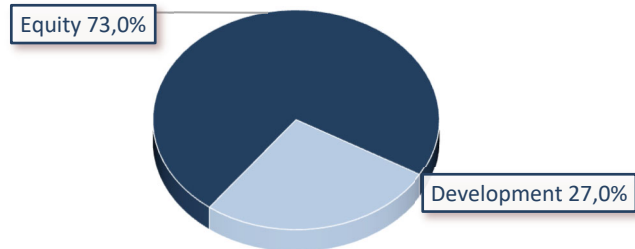
Residential Development and Land activity grew by 25.6%, to €164.1 million, on account of the increase attributable to the aforementioned consolidation of the Realia Group combined with an increase in the delivery rate of sold developments. In turn, land sales generated €35.9 million, up by 6.9% year-on-year. At year-end, the value of homes sold pending delivery came to €119.6 million, with growth of 11.7% compared to those pending delivery in December the previous year.

Similarly, EBITDA performed better this year, with a figure of €142.6 million, mainly on account of the contribution of the new Equity activity, with a much higher operating margin than property development. Thus, the operating margin stood at 52.7% for the period.

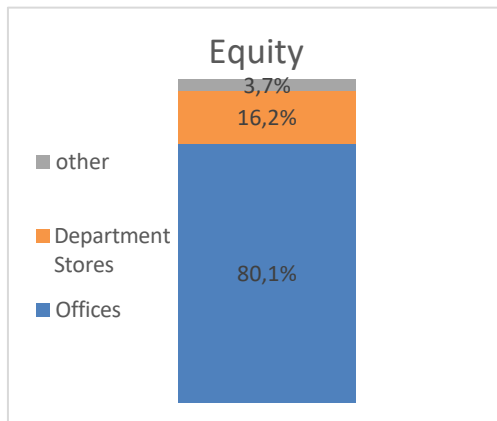
In turn, EBIT dropped to €165.7 million compared to €298.3 million in 2021, including the impact on accounts of €241.7 million following the increase in the registered value of Realia's rental assets to their fair market value at the time of their inclusion in global consolidation. This heading also includes the variation in the estimated fair value of rental property assets for the sum of €22.3 million during the year compared to €16.6 million in 2021.

Below, details are provided of the market valuation of the real estate assets in this area, which came to €2,978.5 million at 31 December 2022 (2.1% up year-on-year). The majority of this corresponds to rental assets, which account for 73% of the total, on €2,171.7 million, while Residential Development assets, which include land in the different stages of development as well as developments for sale, both in progress and finished, account for 27% of the total, on €806.8 million.

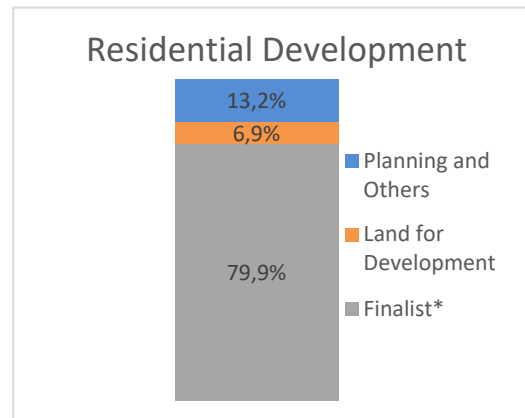
GAV per Activity



Equity



Residential Development



**Includes products in progress and finished products*

2.1.7.5.2. Financial Debt

(Million euros)	Dec. 22	Dec. 21	Chg. (€M)
Net financial debt	917.7	889.7	28.0

The balance of net financial debt at year-end stood at €917.7 million, up by €28 million compared to December the previous year. This amount includes the aforementioned purchase of a non-controlling interest in Metrovacesa. Most of the debt in the area can be attributed to equity subsidiaries, without recourse to the parent company of the FCC Group, accounting for a combined amount of €754.8 million at year-end, with the remainder corresponding to various interests acquired in subsidiaries and investees.

2.2. Business performance. Environment

The information relating to the FCC Group's environmental policy is set out in greater detail in note 29 to the consolidated financial statements and in the Non-Financial Information Statement.

The FCC Group carries out its activities on the basis of business commitment and responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its ambition to generate wealth and social well-being.

Aware of the importance for the Group of preserving the environment and the responsible use of available resources, and in line with the vocation of service through activities with a clear environmental focus, the Group promotes and encourages the following principles throughout the organisation, on which the contribution to sustainable development is based:

- Continuous improvement: Promote environmental excellence by establishing objectives for the continuous improvement of performance, minimising the negative impacts of the Group's processes, products and services, and enhancing the positive impacts on its areas of activity.
- Monitoring and control: establish environmental indicator management systems for the operational control of processes, which provide the necessary knowledge for monitoring, assessment, decision-making and communication of the Group's environmental performance and compliance with the commitments undertaken.
- Climate change and pollution prevention: Lead the fight against climate change through the implementation of processes with lower greenhouse gas emissions, and by promoting energy efficiency and renewable energies. Prevent pollution and protect the environment through responsible management and consumption of natural resources, and also by minimising the impact of emissions, discharges and waste generated and managed by the Group's activities.
- Observation of the environment and innovation: Identify the risks and opportunities of the activities in the face of the changing natural environment in order, among other things, to drive innovation and the application of new technologies, and also to generate synergies between the Group's various activities.
- Life cycle of products and services: enhancing environmental considerations in business planning, procurement of materials and equipment, and relations with suppliers and contractors.
- The necessary participation of all parties: promote the knowledge and application of environmental principles among employees and other stakeholders. Share experience in the most excellent practices with the different agents in order to promote alternative solutions to those currently in place, which contribute to the achievement of a sustainable environment.

2.3. Business performance. Personnel

Attached is a breakdown of the Group's headcount at the end of the year, by business area:

AREAS	2022		TOTAL	% / Total
	SPAIN	ABROAD		
Environment	35.663	8.184	43.847	68%
Water Management	6.771	5.902	12.673	20%
Construction	3.872	2.787	6.659	10%
Cement	835	230	1.065	2%
Real Estate	101	0	101	0%
Central Services and Others	384	70	454	1%
TOTAL	47.626	17.173	64.799	100%

3. LIQUIDITY AND CAPITAL RESOURCES

Liquidity

In order to optimise its financial position, the Group maintains a proactive liquidity management policy with daily cash monitoring and forecasts.

The Group covers its liquidity needs through the cash flows generated by the businesses and through the financial agreements reached.

In order to improve the Group's liquidity position, active collection management is carried out with customers to ensure that they meet their payment commitments.

To ensure liquidity and meet all payment commitments arising from the business, the Group has cash flows as shown in the balance sheet (see note 16 to the consolidated financial statements) and detailed financing (see note 19 to the consolidated financial statements).

Note 29 to the consolidated financial statements sets forth the policy implemented by the Group to manage liquidity risk and the factors mitigating said risk.

Capital resources

The Group manages its capital to ensure that its member companies will be able to continue as profitable and solvent businesses.

As part of its capital management operations, the Group obtains financing through a wide range of financial products.

During the 2019 business year, two simple bonds were issued by FCC Servicios Medioambiente Holding, S.A.U. for an amount of 1,100 million euros; FCC Aqualia, S.A. had previously done the same in 2017.

In November 2018, FCC, S.A. registered a 300 million euros promissory notes programme, which was subsequently expanded to 600 million euros in March 2019. Since then, new funding facilities were also arranged in the form of credit facilities and bilateral loans. In 2020, FCC Servicios Medioambiente Holding, S.A.U. registered a promissory note programme which it renewed annually for an amount of up to €400 million; it also has financing facilities in the form of credit facilities.

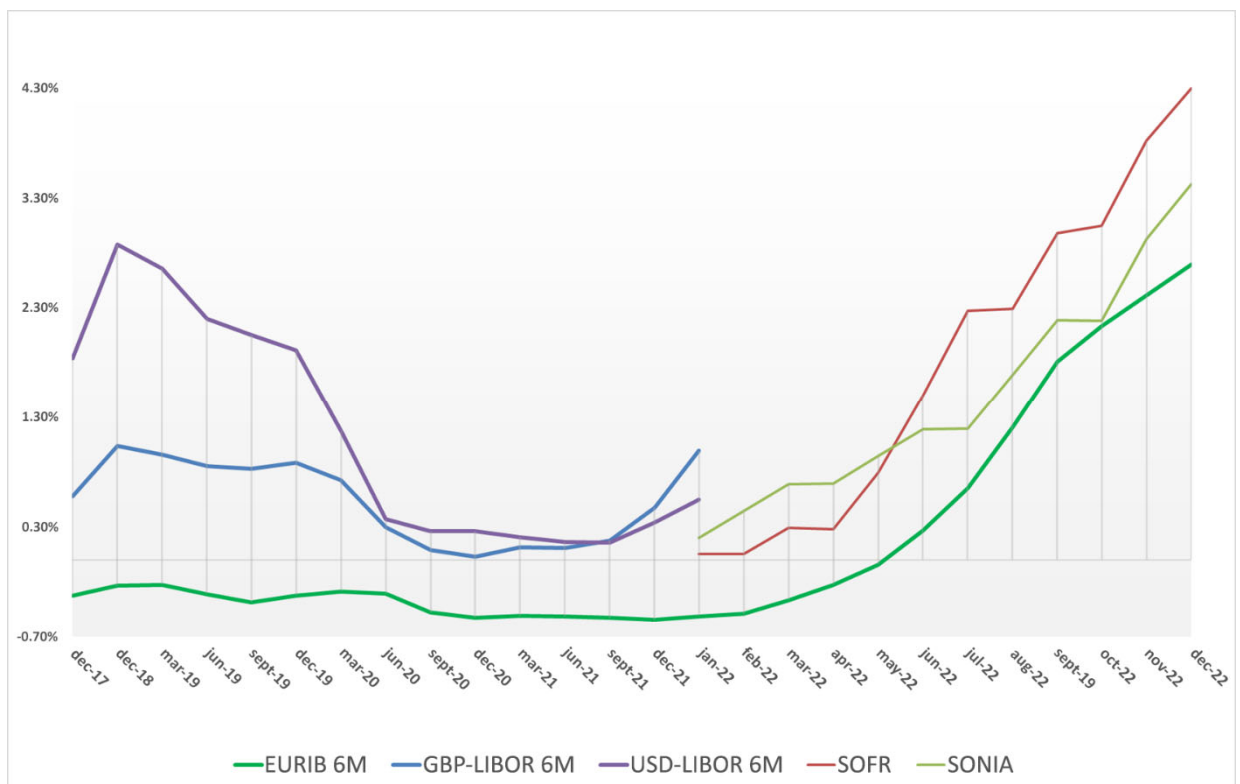
In addition, in 2021 Cementos Portland Valderrivas S.A. voluntarily repaid in advance all of its syndicated financing for a total of €115.5 million and arranged new bilateral financing facilities (Note 19 to the consolidated financial statements).

Furthermore, in June 2022 FCC Aqualia, S.A. took out a syndicated loan for the amount of €1.1 billion, the main purpose of which was to refinance part of the bonds issued in 2017 maturing in 2022 and the early repayment of the bond that the Georgia Global Utilities Group had on the takeover date (Note 4 to the consolidated financial statements).

These operations have made it possible to complete the process of debt reduction and financial reorganisation initiated five years ago and to continue with the policy of diversifying financing sources; all this contributing to achieving a much more stable and efficient capital structure, with amounts, terms and financing costs suitable according to the nature of the different business areas.

In order to optimise the cost of capital resources, the Group maintains an active policy of interest rate risk management, constantly monitoring the market and taking different positions depending mainly on the assets financed.

The performance of interest rates in recent years is shown below.



As can be seen from the graph above, in 2022, the Secured Overnight Financing Rate (SOFR) and the Sterling Overnight Index Average (SONIA) replaced the LIBOR in dollars and LIBOR in pounds sterling, respectively.

This section is discussed in greater detail in note 29 to the consolidated financial statements.

4. MAJOR RISKS AND UNCERTAINTIES

4.1. Risk Management Policy and System

The FCC Group's Risk Management Model is designed with the aim of identifying, analysing and assessing the potential risks that could affect the different areas of the Group, as well as establishing mechanisms integrated into the organisation's processes that allow risks to be managed within accepted levels, providing the Board of Directors and senior management with reasonable security in relation to the achievement of the main objectives defined. This Model applies to all FCC Group companies, as well as to those affiliates where FCC has effective control, promoting the development of work frameworks that enable suitable risk control and management in those companies where effective control is not available.

This model is essentially based on the integration of a risk-opportunity vision and the assignment of responsibilities that, together with the segregation of duties, enable the follow-up and control of risks, consolidating a suitable control environment.

The activities included in the FCC Group's Risk Management Model include the identification and classification of risks depending on their type, their assessment, in terms of impact and probability of occurrence, the application of prevention and control activities to mitigate the effect of these risks and the establishment of reporting flows and communication mechanisms at different levels, which enable decision-making as well as their review and continuous improvement.

The risk management duties and responsibilities at the different levels of the organisation are detailed in section E on the Risk Management and Control System of the Annual Corporate Governance Report.

4.2. Major risks and uncertainties

The FCC Group is exposed to various risk factors inherent to both the nature of its activities and the risks related to environmental, economic, social and geopolitical upgrades in the different countries in which it carries out these activities and to the risks arising from its relations with third parties, including the risks arising from the non-exhaustive application of the principles of ethics and compliance set out in its regulations. Many of these risk factors are strongly interconnected and could potentially affect both the achievement of business objectives and the image and reputation of the FCC Group.

Details of the main strategic, environmental, operational and compliance risks that could affect the Group's activities, as well as a description of the systems used to manage and monitor them, can be found in section E of the Annual Corporate Governance Report, as well as in section 7.4 of the Non-Financial Information Statement.

With regard to financial risks, which are considered to be the changes in the financial instruments arranged by the FCC Group due to political, market and other factors, and their repercussions on the financial statements, the risk management philosophy is consistent with the business strategy, seeking maximum efficiency and solvency at all times. To this end, strict financial risk control and management criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred by the Group's operations, with the risk policy being correctly integrated into the Group's organisation. The financial risks to which the Group is exposed are discussed in greater detail in note 29 to the consolidated financial statements, in section E of the Annual Corporate Governance Report and in section 7.4 of the Non-Financial Information Statement.

In addition, the FCC Group is also subject to certain risks relating to environmental and social issues, the management of which is described in greater detail in sections 5.2 and 7 of the Non-Financial Information Statement.

5. ACQUISITION AND DISPOSAL OF OWN SHARES

On 15 June 2022, the company reported that the Board of Directors, at its meeting held on 14 June 2022, approved a temporary stock buy-back programme, valid for one year. This programme is aimed at reducing FCC's share capital through the redemption of its own stock and it has the following characteristics: the maximum number of shares to be acquired under the Programme is 2 million and the maximum investment of the Programme was €25 million. At 31 December 2022, the number of shares acquired under this programme came to 1,016,141.

As a result, the treasury stock position at 31 December 2022 amounted to 2,741,524 shares, equivalent to 0.625% of the capital stock.

Furthermore, pursuant to the resolution of the General Shareholders' Meeting held on 14 June 2022, the redemption of 1.7 million treasury shares was performed on 20 July, thus bringing the total number of capital stock, at the reporting date, to 438,344,983 shares.

The acquisition and disposal of treasury shares carried out during the year are disclosed in Note 17 of the Notes to the consolidated financial statements.

6. SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE YEAR

There have been no significant events between the end of the year and the date of preparation of these financial statements.

7. OUTLOOK

The outlook for the performance of the Group's main business areas in 2023 is given below.

In the countries where the Environmental Services Area operates, the sector is undergoing a process of transformation, mainly due to the environmental requirements of each country derived from the European Directives (new opportunities based on the ambitious objectives set by the European Union in relation to the circular economy and climate change). The new services will focus on energy efficiency, urban mobility and smart cities.

Moderate growth is expected in Spain based on the start-up of new contracts already awarded. In 2023, the new state tax on waste comes into force, which will entail an increase in the activities performed by treatment plants. The contract renewal rate, which currently stands at over 90%, is expected to be maintained.

No significant changes are expected in the structure of the domestic market, the aim being focused on gradually replacing the linear production model with circular models.

Europe

In Portugal, highlights included business opportunities related to soil decontamination activities and, to a lesser extent, new urban sanitation contracts. Consideration shall be given to any growth opportunities (including inorganic growth), especially if they can add value to the Group.

In the United Kingdom, in the environment area, despite leaving the EU, the country not only shares the EU's circular economy objectives and recycling targets, but aims to be more ambitious in terms of household waste recycling rates and the portion of waste to landfill, as well as being more aggressive in the timing of implementation. Since the launch of the Resource and Waste Strategy in 2018, the new "Environmental Law" was passed in 2021, which covers key aspects in environmental policy such as Extended Producer Responsibility ("EPR"), which will see producers cover 100% of the cost of the disposal of these products, starting with plastic packaging, the "Deposit Return Scheme" ("DRS"): payment for reusable packaging (single-use beverage containers), new fees for single-use plastics and the principle of consistency in collection systems. Taking the nature of the sector into consideration, strongly conditioned by environmental legislation, FCC will continue to pay close attention to legislative developments and its performance in these aspects, which will affect the future strategy in the field of waste recycling and the treatment thereof. Our division in the United Kingdom also continues to pursue its energy production strategy through waste treatment and disposal.

In Central Europe, greater emphasis will be placed on increasing energy efficiency as part of treatment processes, cost reduction and rate adjustments with customers. As a protection measure against rising energy prices, the EU has also set a ceiling on the sale price of electricity and gas, which will limit the margins generated at the Zistersdorf incinerator (Austria). The reduction in recycling prices (in particular paper and metals) seen towards the end of 2022 is expected to continue into 2023 until they return to the levels seen before the pandemic. Furthermore, an increase in rates is expected in practically all commercial activities on account of contractual flexibility (short duration for industrial clients) or the price clauses included in municipal contracts.

USA

When it comes to the USA, FCC has also begun to promote mechanical biological treatment plants in the United States, in line with new regulations that are beginning to make it mandatory in some statuses to minimise waste sent for landfill disposal. The group's significant experience at a European level will bring considerable development in this business for FCC, which has a clearly differentiating experience in this technology compared to its usual competitors in the country. During 2022, the first contract of this type was launched in Placer County (California), renovating and operating facilities where 650,000 tonnes will be treated per year, pursuant to the new and more restrictive environmental regulations in force in California.

In December 2022, the Group's second acquisition in the US market was completed with the purchase of Houston Waste Solutions in Houston (Texas). HWS is one of the main commercial waste collection operators in the Houston metropolitan area, further enhancing the Group's significant growth in the commercial collection market, which already accounted for 20% of US revenue in 2022, in addition to providing significant synergies to the Group's recycling plant in the Texan city. Sales are expected to continue to experience significant growth in 2023.

Water

The outlook for 2023 is for the level of activity seen in 2022 to remain, having overcome the drop in consumption caused by the COVID pandemic. This situation will be reinforced by the new contracts incorporated into the perimeter during 2022, as well as the improvement in results, reinforced by the continuation of cost optimisation actions. We expect electricity tariffs to return to normal, meaning it is likely that they will be reduced.

In **Spain**, we were awarded new contracts in 2022, as well as renewals and extensions of contracts already in place across a total of 354 towns and cities, with a contracted backlog of more than €873 million. The contract renewal loyalty rate remains at very high levels (above 90%) in the municipalities in which it operates. In addition, Aqualia has worked hard to expand its presence in the O&M and facilities market (WWTP, DWTP, desalination and network management).

By 2023, **concessions** in Spain in the area of end-to-end water cycle service concessions are expected to maintain renewal rates similar to 2022, i.e. above 90%. In terms of new procurement, several contracts, currently operated by competitors, are expected to be tendered out. In addition, major water treatment works are expected to be tendered in Madrid. We also believe that a significant part of the managed municipalities will adjust their tariffs to reflect the increase in the CPI in 2022. Furthermore, during the first half of the year, subsidies for the 1st phase of the Strategic Projects for the Economic Recovery and Transformation for the digitisation of water for the urban and in the 2nd semester will be awarded, with the 2nd phase sent out to tender; we hope one of our bids will be successful.

Looking to Europe, in **Portugal**, the problems caused by the prolonged droughts have sparked an interest amongst the public powers to consider the feasibility of building desalination plants for the first time in mainland Portugal. Aqualia is striving to maintain active communication so that part of these investments can be channelled as part of the robust Portuguese concession framework. Furthermore, a consortium led by Aqualia and FCC Construcción was proposed as the successful candidate for the installation of a green hydrogen production plant, including water supply and treatment facilities, in Setúbal, the first project of its kind in the country.

In **Italy**, work is expected to continue on the Caltanissetta concession (Sicily), with the improvement and modernisation of the remote control and reading services of the facilities for more than 90,000 customers, as well as continuing with the conditioning of the general supply network.

In **France**, activity will be stepped up in the search for and selection of new business opportunities in towns and cities within the current perimeter of concession activity (Île-de-France, Bretagne) and further afield (Normandie, Alsace, Lorraine, Val de la Loire).

In **Georgia**, the results generated in 2022 are expected to be reproduced and the groundwork will be laid for the definition of a **Master Infrastructure Plan**, with a special emphasis being placed on the volume of investments to be made during the new regulatory period running from 2024 to 2026.

In **Saudi Arabia**, the management projects for the two clusters awarded to Aqualia from the six tendered by the National Water Company in 2022 will begin. In addition, the operation of the Jizan desalination plant will be consolidated and the operating agreement for three mobile desalination plants will begin along the Saudi coast.

In **Egypt**, following the completion of the start-up phase, the operation and maintenance phase of the Abu Rawash wastewater treatment plant, the largest in Africa, will continue. This phase is due to last three years.

In Latin America, the 20-year operating period of the Guaymas SWDP began in mid-2022 (**Sonora, Mexico**). During 2023, the contract for the Comprehensive Improvement of Management Procedures (MIG) in Los Cabos (Baja California Sur) will begin and the operation of the El Realito aqueduct will continue. Furthermore, work will end at the Salitre WWTP (**Colombia**). In both countries, new concessions for desalination hydraulic infrastructure will be tendered in the states of Baja California and Sonora in Mexico and for purification within the Bogotá river decontamination programme in Colombia. New opportunities in end-to-end water cycle management will also be explored in Colombia.

In **Peru**, the preparation of private initiatives declared relevant in favour of Aqualia will continue, with 5 BOT purification contracts expected to be sent out to tender. From these five private initiatives, three entered the structuring phase in 2022; the pre-investment studies has been completed for one, deemed feasible; while the other is in the formulation phase.

Finally, in the **USA**, the search for and achievement of a first project is a priority objective. This is intended to create a launchpad for Aqualia's business in the country.

Construction

FCC continues to focus on the international market in countries and markets with a stable presence, and on the execution of projects with secured financing.

The search for contracts in the domestic and international markets is one of the Group's objectives, although this is done through demanding risk management that must provide access to a selective backlog of projects that ensure the company's profitability and cash flow generation.

Taking the foregoing into consideration as well as the 65% growth in the order backlog in 2022, thanks to new long-term civil works contracts entered into, it is estimated that, in 2023, the turnover generated in Spain will improve on the figure recorded in 2022. In the foreign market, turnover in 2023 is estimated to improve on the figure recorded in 2022, on account of the development of large infrastructure works secured between 2020 and 2022 as well as the contribution of the markets in America (United States, Canada, Mexico, Chile, Peru, Colombia), the Middle East (Saudi Arabia) and Europe (Norway, the Netherlands, the United Kingdom and Romania).

Cement

In Spain, and based on the estimates of the Association of National Construction Companies and Infrastructure Concession Holders (SEOPAN), official tenders organised in 2022 exceeded those organised in 2021 by 27.9%. However, this increase in investment in nominal terms has been absorbed by the increase in construction costs. In turn, new construction permits dropped by 4% and are expected to fall by 6% in 2023. Looking to 2023, according to the draft general state budget, there is expected to be an increase in investment of 14% in public works, which, again, is likely to be largely offset by increased construction costs. Investment by local authorities and regional governments compared 2022 is expected to contract due to a possible slowdown after the election period. As a result, public investment will fall by 5% compared to 2022. According to data taken from the sector's employers' association, OFICEMEN, these effects are reflected in cement consumption, which stood at 14.9 Mt in 2022, down by 0.8% compared to 2021. For 2023, it is estimated that this figure will stand at 14.3 Mt.

In Tunisia, the domestic market stood at 5.5 million tonnes in 2021, down by 7.4% on 2021. For 2023, a volume similar to 2022 is expected to be seen. Tunisia is currently facing a challenging economic situation. Political instability is containing consumption to a minimum. In 2022, the national sales of the Cementos Portland Valderrivas Group came to 876 thousand tonnes, down by 7% on 2021, which partly offsets exports, which stood at 502 thousand tonnes, up by 31% on 2021, although exports over land to Libya fell by 50%, while maritime exports to the USA and Italy increased by 252 thousand tonnes.

In this context, Cementos Portland Valderrivas will continue to develop its cost containment and investment optimisation policies and to adapt all its organisational structures to the reality of the various markets in which it operates, with the aim of improving the generation of resources.

Real Estate

FCC Inmobiliaria's actions for 2023 are focused on the development of its three business lines exclusively in Spain:

Office and shopping centre rentals

In the property area and in relation to service-sector assets (mainly offices and shopping centres), the backlog of which is prominent, management must be optimised to satisfy the new requirements of tenants.

In 2023, this will focus on supporting property subsidiaries to adapt their buildings and their businesses to the new trends in relation to the efficiency and sustainability of the office and shopping centre market and to adapt the commercial relationship with tenants, adapting the contracts to market requirements, such as the flexibility of spaces, duration, etc.

Real Estate Development

Over the course of 2023, development activity will remain at similar levels to 2022, with the completion of projects in progress, as well as the start of new projects, with special attention to their profitability, and also to the viability of their commercialisation, bearing in mind the evolution of demand and the macro scenario of the Spanish economy, which are vital for development activities.

The land portfolio will continue to be actively managed, allowing it to be consolidated as urban land, with the resulting increase in value and contribution to the maintenance of development activity. It will also be possible to acquire new assets and/or land with a value path, either for their management and/or by the market.

Rental housing

Throughout 2023, the marketing and operation of two new Build to Rent (BTR) projects will begin, with 195 subsidised housing units (VPPL-VPPB) for rent in Tres Cantos (Madrid); the investment in these projects stands at approximately €43 million, of which €9.9 million euros remains outstanding. It will be possible to acquire or develop new land for the purposes of residential rentals, provided that the uncertainties generated by the future State Law on the Right to Housing are cleared up. The operation of the BTR in relation to the 85-home residential building in Tres Cantos (Madrid) will continue. At 31 December 2022 100% of the homes in this building were rented.

8 R&D+I ACTIVITIES

The FCC Group's R&D&I activities in 2022 have resulted in more than 35 projects.

These projects seek to respond to the challenges of each business area while maintaining overall coordination between the different business areas of the FCC Group.

The activities of the different Business Areas and the main projects developed throughout 2022 are detailed below.

SERVICES

In the environmental services activity, we have continued with the development of projects started in previous years, such as:

VISION	BICISENDAS	INSECTUM	B-FERTS
DEEP PURPLE	SCALIBUR	PLASMIX	LIFE 4 FILM
VALOMASK	RECYGAS	LANDFILL BIOFUEL	SEALING OF MINING DEPOSITS

In addition, new ones have been launched during 2022, which are summarised below:

- **RSUHOM:** Consists of the development of new construction products by recovering slag from the incineration of municipal solid waste. The main aim of the project is to reduce the environmental impact generated by the disposal of slag in landfills from the incineration of MSW to a minimum, through its recovery and integration as: aggregates for the production of concrete, mortar and precast concrete.
- **ECO2D4.0:** Seeks to develop comprehensive, final solutions by using priority waste from the Basque Country and an ecosystem for the operational and environmental monitoring of road infrastructures. The ultimate aim of the project is to research and develop digitised ECO-highways products, analysing the technical and market feasibility of reusing the main waste streams.
- **MINETHIC:** Consists of promoting the recovery and reuse of strategic mineral resources for the ecological transition. The general aim is to investigate new sources of unconventional industrial and urban mining raw materials for the Ecological Transition, covering the entire value chain: pre-treatments to concentrate materials of interest and eliminate interference, separation, recovery and purification treatments and the validation of the recovered materials in final applications (permanent magnets, cathodes, catalysts, etc.). New technologies are due to be investigated that facilitate the recovery reuse of MPC from mineral resources, by-products and waste streams, as well as the integration of digital technologies, promoting a sustainable, efficient and local supply of MPC.
- **ECLOSION:** Consists of the development of new materials, technologies and processes for the generation, storage, transport and integration of renewable hydrogen and biomethane from waste.

In the field of specialised machinery for waste collection activities there is a new project:

- **8 m3 IRRIGATION AND WASHING TANK ON 2-m WIDE PURE ELECTRIC CHASSIS:** consists of the development of a new tank made from aluminium, for the irrigation and washing of streets using jet washers and front-mounted cones, upper pole and double rear reel measuring 2 metres in width (one of a kind on the market), on a pure electric chassis with state-of-the-art European-made ion battery lithium, also measuring two metres in width and MAM of 18 tonnes ("registerable" for 19 tonnes).

There is another new project in Industrial Waste activity:

- **PV4INK:** Consists of recovering materials obtained from the treatment of photovoltaic panels by developing nanoparticle-based conductive inks. The aim is to study and develop technologies that allow the different value elements present in PV modules to be harnessed. In this case, the proposal will be structured around the recovery of the Ag contained in the PV modules to obtain solutions with a high content of this metal, as a potential secondary raw material for use in the electronics sector (conductive inks).

END-TO-END WATER MANAGEMENT

Innovation activity at Aqualia is aligned with the European Green Deal policies, which promotes the transition to a circular economy with a zero carbon footprint. The Department of Innovation and Technology (DIT) develops new services and sustainable processes using smart and eco-efficient management tools. Thus, the DIT projects help the company to achieve the UN's Sustainable Development Goals (SDGs), focussing on an affordable and high-quality water and sanitation service (SDG 6), an optimised energy balance (SDG 7) without affecting the climate (SDG 13) as well as responsible production and consumption (SDG 12).

The projects highlighted in 2022 are listed below:

- **H2020 SCALIBUR:** The project, led by the Itene technology centre, involved 21 partners from 10 countries to implement waste reduction and recovery on a European scale. With the participation of FCC Medio Ambiente, the project focussed on improvements to waste processing plants in Madrid, Lund (Sweden) and Rome (Italy) to promote the circular economy.

As part of this framework, Aqualia has implemented new sludge treatments at the Estiviel WWTP (Toledo), testing improvements in thickening and dual digestion across two stages that facilitate sanitation. Simplified sludge stabilisation technologies have also been developed, without concrete structures for small treatment plants. The project has facilitated initial innovation activities at SmVaK in the Czech Republic, with prototypes at WWTP Karviná to convert organic matter into by-products such as fertilisers and bioenergy.

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

The bio-char has been tested in innovative micro-pollutant adsorption units with the results having been verified applying new advanced analysis methods developed by Aqualia's accredited laboratory in Oviedo. Furthermore, new sensors for real-time monitoring have been validated at the El Grado WWTP and the Cabornio DWTP in Oviedo.

- **JPI WATER – MARADENTRO:** The project "Managed Aquifer Recharge: ADRessiNg The Risks Of regenerated water" was led by the Institute of Environmental Assessment and Water Research in the European Horizon 2020 ERA-NETs Cofund WaterWorks 2018 programme, involving partners in France, Italy and Sweden to optimise soil as a tertiary risk management unit.

A 400 m² infiltration system has been constructed at the Medina del Campo WWTP for advanced risk management of treated water, facilitating its reuse in aquifer recharge, compared to conventional tertiary treatment. Scientific institutes have developed system design and simulation tools to optimise the operation and reduce the costs of emerging pollutant removal.

- **UE MSCA - REWATERGY:** In addition to technological development, this latest project focusses on scientific training as part of the H2020 Marie Skłodowska Curie programme organised by European academic networks. In the network led by Rey Juan Carlos University, Aqualia participated as an industrial partner hosting two PhD researchers undertaking their practical work at the company's purification plants:
 - methods for the adsorption of ammonium from wastewater and its conversion into hydrogen were developed at the Lérida WWTP, in cooperation with the University of Cambridge,
 - photo-disinfection and electro-disinfection processes were assessed at the Jerez WWTP to eliminate micro-pollutants from drinking water or wastewater, with support from the University of Ulster
- **LIFE ULISES:** Three technology centres, CENTA, EnergyLab and CieSol of the University of Almeria, support Aqualia as coordinator to transform conventional WWTPs into "bio-fertiliser and energy production factories", achieving energy self-sufficiency and eliminating their carbon footprint. Anaerobic pre-treatment with the PUSH reactor has been implemented at the WWTP in El Bobar, Almeria, operated by Aqualia. These reactors have also been successfully evaluated in Portugal, first at two WWTPs operated by Aguas de Algarve, and later at the Cartaxo WWTP, operated by Aqualia.

To improve the energy balance in Almería, bio-methane is used for the purposes of vehicle fuel with an ABAD BioEnergy refining system and a dispenser. As part of fertiliser production strategies, struvite precipitation, enzymatic hydrolysis and solar disinfection techniques using a Fresnel lens have been developed.

- **LIFE INTEXT:** The project optimises low-cost purification technologies in small towns with a view to minimising the energy cost, carbon footprint and waste from the wastewater treatment process. Led by Aqualia, the AIMEN and CENTA technology centres and the University of Aarhus (DK) assess sustainable solutions from an ecological and economic perspective for settlements with less than 5,000 residents, supported by specialist SMEs from Germany, Greece and France.

The Talavera WWTP, managed by Aqualia, operates the demonstration platform for 16 technologies, comparing different systems (wetlands, algae, reactors with biofilms or granular sludge). Simultaneously, the wetlands are also tested at CENTA in Seville, to quantify the climate effect and compare different pre-treatment options (Push, Imhoff).

- **BBI B-FERST:** Fertiberia leads the project to develop new biofertilisers from urban wastewater and by-products from agri-food industries as leader with the participation of Aqualia and ten partners from six different countries. The potential of raw materials recovered from municipal waste and effluents in the production of fertilisers in three countries (Spain, Italy and Czech Republic) is analysed. A struvite precipitation system is also operated at the Jerez WWTP, managed by Aqualia, to incorporate the phosphorus recovered in a new Fertiberia bio-fertiliser demonstration plant in Huelva.

Checks have been performed to verify the conditions under which samples of Aquavite® comply with the limits set out in Law 2019/1009 on fertiliser products, in P2O5 content (16%) and in the presence of pathogens, testing the disinfectant effect of an infrared thermal dryer. This by-product is being used for the recovery of land in Ávila after a forest fire, and agri-food sludge is characterised, as well as waste from the Coosur WWTP (Jaén) operated by Aqualia to incorporate these into Fertiberia's formulations.

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

At WWTPs managed by Aqualia, an initial prototype of the photobioreactor has been optimised at the Toledo-Estiviel WWTP, with a demonstration reactor that is ten times bigger having been built at the Linares WWTP. At the same time, demonstration activities are being prepared at the Badajoz WWTP and at SmVaK in the Czech Republic.

- **H2020 ULTIMATE:** In the Smart Water Economy call, Aqualia participates in two of the five selected consortia, grouped into the CIRSEau cluster, with each one receiving up to €15 million of EU support. In Ultimate, the Dutch technology centre KWR coordinates 27 partners implementing nine innovative demonstrations of synergies between water utilities and industries.

At the Mahou WWTP in Lérida, Aqualia has set up a fluidised anaerobic reactor (FBBR/Elsar) is being installed on an industrial scale, which will later be compared to an AnMBR to recover biomethane and feed a fuel cell. Studies are ongoing in relation to the co-digestion of residual yeast and support for AITASA in Tarragona, where Aqualia has built a new treatment plant for industrial effluents, which could later be used to supply ultrapure water to the factories at the petrochemical industrial complex.

- **H2020 REWAISE:** Aqualia is leading the project as part of the EU's Smart Water Economy programme with the largest business participation, coordinating water companies from the UK (Severn Trent), Sweden (Vasyd) and Poland (AquaNet) from the twenty-four entities that make up the consortium. Together with 7 SMEs and several universities in Croatia, Italy, Poland, Czech Republic, Sweden, and UK, new circular economy and digital management solutions are implemented in "Living Labs" including Aqualia's operations in Asturias, Badajoz, Canary Islands, Denia, Salamanca or Vigo.

Rewise reinforces Aqualia's strategic lines of technological development, such as the sustainable desalination and reuse of new membranes, the recovery of materials from brine, the reuse of wastewater and its transformation into energy and by-products, and the simulation of the operation and control of processes and networks to optimise service efficiency and water quality. At the Balaídos industrial hub, an AnMBR reactor has been installed to recover resources from urban effluents from the Citroën/Stellantis factory.

- **H2020 SEA4VALUE:** As part of this project, 100% financed by EU funds, the EureCat technology centre coordinates fourteen partners from seven countries to recover resources from brine concentrated in seawater desalination plants (SWDP). Currently at a basic scientific level, at least eight innovative technological solutions are being developed to enrich the most valuable components of seawater (lithium, caesium and rubidium) and recover critical raw materials (magnesium, boron, scandium, gallium, vanadium, indium, molybdenum and cobalt) to a purity that allows their exploitation on the market.

As part of this project, the Aqualia Desalination Innovation Centre in Denia has been reinforced and a new testing platform has been implemented in Tenerife to analyse the technical and economic impact of more sustainable desalination methods as well as new solutions for the recovery of brines. With pilot units at different SWDPs operated by Aqualia, work is being done on the solar concentration of brine, selective precipitation of magnesium, obtaining chlorine dioxide, and optimising the remineralisation of permeate with micronised calcite, reducing CO₂ consumption, turbidity and the size of the installations.

- **H2020 NICE:** The Nice project generates scientific knowledge on nature based solutions (NBS), such as wetlands or green walls for the purification and recovery of resources from urban wastewater. Led by the CETIM technology centre with 14 partners across 9 countries, these solutions aimed at sustainable cities will be implemented in a dozen sites, including Aqualia facilities in Algeciras, Benalmádena, Madrid, Talavera or Vigo. The pilots integrate developments from SMEs and universities in Denmark, France, Italy and Sweden, and include actions with partners in Colombia and Egypt.
- **LIFE PHOENIX:** The Aqualia-led project, supported by the technology centres CETIM and CIESOL, optimises tertiary risk management to achieve the most ambitious objectives of the new European regulation on water reuse (EU 2020/741). In order to assess various effluents, from Aguas de Portugal, the Almeria Provincial Council and the Guadalquivir River Basin Federation, several mobile plants are being built, combining physical-chemical treatment of 50 m³/h with advanced filtration of 30 m³/h, to be combined with various ultra- and nanofiltration membrane refining skids.

In addition, Newland's European subsidiary Entech is testing with O₃ ozone and UV ultraviolet modules, which enable advanced oxidation and disinfection. A sensor from the Dutch SME MicroLan is also being tested for online microbiological measurements and the continuous monitoring of the quality of reused water, responding to the risk control required under the new EU standard.

- **LIFE ZERO WASTE WATER:** As part of a collaboration between Aqualia, as the leader, and Canal Isabel II, the project has installed a combined treatment unit at the Valdebebas WWTP for Urban Waste Water (UWWW) and the Organic Fraction of Solid Urban Waste (FORSU). For the purposes of purification with a neutral carbon footprint, an AnMBR anaerobic reactor is supplied with 50 m³/d, producing biogas, followed by the ELAN process in the water line to remove nitrogen while consuming a low volume of energy. The assessment will assess the management of FORSU, using the sewerage system to transport the mixture of organic matter in a single stream.

In addition to the Universities of Valencia (co-holder of the AnMBR patent) and Santiago (co-holder of the ELAN patent) the Portuguese SME Simbiente is participating to develop an advanced management system, combined with on-line monitoring of microbiological quality by the Austrian SME VWS (Vienna Water Systems).

- **LIFE RESEAU:** The RESEAU project aims to increase the capacity and resilience of the existing sanitation water infrastructures to the impact of climate change. The Aqualia-led project boasts the participation of the ITG technological centre (Fundación Instituto Tecnológico de Galicia) and public operator VCS (Vand Center Syd AS) in Odense (Denmark). As part of Aqualia's operations in Moaña (Pontevedra), sensors (speeds, flows, levels, etc.) will be installed across the sewerage network to monitor and model its behaviour, with a view to developing a flexible flow management model.

A 500 m³ aerobic granular reactor is also being built at the Moaña WWTP to treat up to 2,000 m³/d of wastewater. Compared to conventional activated sludge, this advanced biofilm system multiplies the biological treatment capabilities several times over, improving the WWTP's ability to adapt to charge variation and limiting the space requirements for its implementation. The environmental impact of the risk management process is also significantly reduced by reducing energy needs and avoiding greenhouse gas emissions.

- **LIFE INFUSION:** After completing the Life Methamorphosis project at Ecoparc 2, the Barcelona Metropolitan Area (AMB) asked to extend the operation of the pilots to prepare the designs for several new plants to recover resources from municipal solid waste. Together with the EureCat technology centre and the operator of Ecoparc2, EBESA, the leachate digestion system is optimised with Aqualia, AnMBR and ELAN technologies, with the addition of an ammonium stripping system from the Belgian SME Detricon. Two waste management entities, Cogersa in Asturias and AMIU in the region of Genoa/Italy are also participating to assess the options for implementing the lixivate management solutions in their plants.
- **EFLUENT-EX:** Financed using RIS3 regional specialisation ERDF funds, the autonomous community of Extremadura is committed to a Circular Green Economy and supports the production of clean energy using organic and agro-industrial waste. As part of the E-fluent-EX project, Aqualia investigates different technologies to convert WWTPs into bio-factories and renewable energy sources, promoting sustainable mobility using green biofuels.

At the Badajoz WWTP managed by Aqualia, solar solutions have been installed to heat the digesters, using photovoltaic panels and a solar drying and sanitisation system with a Fresnel lens. Digestion is also optimised using agro-industrial co-substrates, assessing the inventories and characteristics of waste generated by wineries, fruit processing, tomato, cheese making and agro-livestock facilities, with a view to maximising the production of biomethane and hydrogen. In relation to the products of digestion, an innovative biogas upgrading technology is being developed using Ionic Liquid-Based Materials (ILs) for the adsorption and deodorisation of CO₂ in a continuous and controlled manner. Solid waste is transformed into carbonaceous materials (biochar) applying different thermal processes: hydro-carbonisation, pyrolysis and activation.

- **ECLOSION:** the main aim is to create new materials, technologies and processes for the generation, storage and transport of renewable and autochthonous hydrogen and biomethane. These energy vectors will be made using urban waste, agri-food, wastewater and sewage sludge and will be monitored using eco-efficient, flexible and smart optimisation tools.

The Aqualia-led consortium is made up of eight companies, including FCC Medio Ambiente, CADE, Ghenova, ARIEMA, H2B2, Idecal and MindCaps and will undertake research at four development centres, the Valladolid Waste Treatment Plant, managed by FCC Medio Ambiente; and the treatment plants in Salamanca, Lleida and Jerez de la Frontera, managed by Aqualia. The project aims to research bio-electrochemical processes for the generation of renewable gases, thermochemical treatment with supercritical gasification and new separation and storage processes for the gas mixtures produced to generate high-quality pure gases.

- **ZEPPELIN:** researches a flexible series of green hydrogen production and storage technologies based on the use of waste and by-products (agri-food, textiles, treatment plants, refineries, etc.). The aim is to improve the efficiency of how this energy vector is produced, addressing the technological challenges linked to biogas and bioethanol reforming, dark fermentation, microbial electrolysis, gasification and hydrogen storage.

Applying new models for obtaining green hydrogen complementary to electrolysis with renewable energies, decarbonisation is fomented under the principles of the circular economy and digitisation. The consortium, led by Aqualia, includes seven key companies in the hydrogen value chain, such as Repsol, the leading hydrogen producer and consumer in Spain; Naturgy, Redexis and Reganosa, as gas distributors; and other technological partners such as Norvento, Perseo and Técnicas Reunidas. The companies collaborate with nine research organisations (including CETIM, CIEMAT, EnergyLab, CIDAUT, and IMDEA-Energia) to implement several innovative hydrogen production pilots at the Algeciras WWTP, managed by Aqualia, capable of supplying major hydrogen consumers in the area such as Acerinox, Viesgo, Air Liquide, Linde, as well as port companies.

- **CHEERS:** a development project focussed on a zero waste biorefinery, coordinated by Mahou San Miguel, a Spanish beer manufacturer, in collaboration with 10 partners across 5 European countries, including Aqualia/Hidrotec, the Ainia technology centre and the University of Valladolid. Inspired by the biodiversity of nature (insect and microbe platforms), the aim is to reuse underutilised or waste secondary streams such as bagasse, wastewater, CO₂ and CH₄ from the brewing industry for their conversion into five innovative bioproducts that are competitive on the market: insect protein, disinfectant, microbial protein, ectoin and caproic acid. As well as validating new sustainable transformation bioprocesses at a demonstration scale, the aim is to achieve a 50% reduction in the carbon footprint of each value chain.
- **D4RUNOFF** (Data driven hybrid nature based solutions for preventing and managing diffuse urban runoff) develops tools to quantify, avoid and manage diffuse pollution created by urban runoff waters. Led by public water company Vand Center Syd (VCS) in Odense (Denmark), it brings together 12 partners across 5 countries, including Aqualia/Hidrotec, the Technological Institute of Galicia (ITG), the University of Cantabria and Catalan SME Mitiga, a specialist in risk control software.

The work programme includes the development of new analytical methodologies by Hidrotec, the online measurement of indicators of micro-pollutants and bioplastics, and the implementation of preventive strategies to reduce diffuse contamination employing multicriteria analysis and Artificial Intelligence. The Nature Based Solutions (NBS), will be validated at three sites, in Odense (Denmark), Santander (Spain) and Pontedera (Italy), replicating those in Algeciras (Spain), Ostrava (Chequai) and Cairo (Egypt).

- **NINFA:** (TakiNg actIoN to prevent and mitigate pollution of ground wAter) develops ways of monitoring and protecting groundwater, starting with the measurement, modelling and treatment of different pollutants (nutrients, pesticides, pharmaceuticals, hydrocarbons, heavy metals, microplastics and salinity). The groundwater management and pollution prevention strategy is structured around early detection systems, a better understanding of the effects to achieve synergies and the risks of multiple disturbance factors, employing predictive methodologies to increase resilience and implement treatment and mitigation solutions.

The project is being coordinated by the Leitat Technology Centre and brings together 9 other partners across 6 countries. Aqualia participates through its Hidrotec laboratories, in cooperation with the municipality of Los Alcázares (Murcia) located on the shores of the Mar Menor. Collaboration between Aqualia France and the Mines-Télécom Atlantique Institutes in Brittany (Brest, Rennes and Nantes).

Furthermore, in 2022 two new patents were requested, while news of four proposals submitted in previous years remained pending.

CONSTRUCTION

FCC Construcción promotes an active policy of technological development, constantly bringing innovation to its projects, with a strong commitment to research and development, sustainability and contribution to the quality of life of society as competitive factors. This innovation policy is coordinated with all other business areas of the FCC Group.

The development and use of innovative technologies to carry out the works is an important contribution to added value and is a differentiating factor in today's highly competitive and internationalised market.

The three types of projects developed by FCC Construcción and its investee companies are: internal projects, projects with other companies in the FCC Group and projects in collaboration with other companies in the sector or other related sectors, often with technology-based SMEs, which enables open innovation projects to be carried out with the participation of the value chain and occasionally in horizontal cooperation. In addition, the presence of universities and technology centres is essential in almost all projects.

In addition, the presence of universities and technology centres is essential in almost all projects.

A number of the projects are being undertaken in coordination with the public administrations, as is the case of CIEN "**Bicisendas**", as part of which several municipalities across Catalonia have been contacted for the creation of a pilot bicycle lane.

At an **international** level, in 2022 work was undertaken as part of the European R&D&i project "**DigiChecks**", funded by the EU Research and Innovation Framework Programme, Horizon Europe, as part of which a Digital Environment is being developed to facilitate interoperability and communication between different construction industry platforms, the management of permits and controls accordingly. The project is structured around new technologies (including BIM, GIS, Artificial Intelligence, Blockchain, Digital Twin), using previous international initiatives as a reference.

In relation to the National Projects undertaken during 2022, the development of the following projects is worth particular note:

- **BICISENDAS:** within the CDTI's CIEN 2018 programme, the aim of which is to *develop a sustainable, energy self-sufficient, intelligent, cleaner, integrated and safe cycle lane.*
- **ONLYBIM:** part of the regional programme of IDEPA of the Principality of Asturias whose objective is the development of a module for the design and execution of non-linear works under BIM methodology
- **ACUSCOIN/ECO:** developed by MATINSA and approved by CDTI, the aim of which is to research an acoustic emission system for assessing corrosion in reinforced concrete infrastructures
- **DESIRE:** developed by FCC Industrial and Infraestructuras Energéticas approved by CDTI, its objective is to develop a prototype of a basic RPAS simulator that, with the use of the software developed and the prototype of mixed reality glasses and the tracking system, complements the information presented to the RPAS pilot and the camera operator
- **CYBERSEC:** developed by FCC Industrial and Infraestructuras Energéticas and approved by CDTI of the CIEN programme, this project entails research into various technologies, techniques, tools, methodologies and knowledge aimed at developing technological solutions for securing against cyber-attacks in highly critical connected environments, such as Industry 4.0, smart cities or critical infrastructures

- **SAIM:** developed by MATINSA and approved by CDTI, aiming to develop a new technological solution to aid environmental management of coastal areas that allows the ecological characterisation of the environment automatically and in real time using information from a new sensorised data collection system, a new satellite information processing algorithm and a new computational simulation model
- **ECOLOGÍA COTORRAS:** developed by MATINSA and submitted to the industrial doctoral candidates programme organised by the Community of Madrid; its aim is to delve into the ecology of the Argentine parrot and Kramer's parrot (and its ecological and health impacts) to better understand how biological invasion processes work and integrate the scientific knowledge generated into the management plans in place for these species.
- **PRACAN:** submitted to CDTI Cooperation projects, the aim of which is to develop a robotic platform for the identification, control and monitoring of carcinogenic agents in construction environments. This platform will be structured around a series of mobile nodes, one land-based and one airborne, with the ability to detect/estimate carcinogens, in particular asbestos and respirable crystalline silica (RCS) as well as a decision-making and alarm configuration system for occupational risk prevention (ORP) technicians, which will activate action protocols and recommendations
- **ROBUST:** submitted to CDTI Cooperation projects, the aim of which is to develop a georeferenced mapping and automated monitoring system for confined environments, mainly tunnels and ditches. To this end, it is due to use new monitoring technology that will require the development and deployment of autonomous aerial robots (drones), as well as the design and development of control systems and algorithms to communicate with the robots.
- **EDIFICTECH:** collaborative project submitted to CDTI that is developing a new 4.0 technological solution for the construction sector employing connected and centralised management for the installation of facades

Research, Development and Innovation (R&DI) is expressly contemplated in the Sustainability Management System under procedure PR/FCC-730. The company holds an RD&I Management System Certificate: RD&I Management System requirements based on Spanish-harmonised standard UNE 166002:2021, certified by AENOR, the Spanish Standardisation and Certification Association. MATINSA and FCC Industrial and Infraestructuras Energéticas are also R&DI Management System certified pursuant to UNE 166002:2021.

CEMENT

In 2022, the project involving the **ASSESSMENT OF THE POTENTIAL FOR GEOLOGICAL CO₂ STORAGE**, in collaboration with the Geological and Mining Institute of Spain and the Oficemen Group, began.

The aim of this project is to develop scenarios for the potential deployment of CO₂ capture, use and storage technologies (CAUC) in the sector, evaluating their possibilities and associated costs.

Furthermore, the European **BIORECO2VER** project as part of the HORIZON 2020 programme came to an end; the Cementos Portland Valderrivas Group had participated in this project, which had been extended due to the impact of the Covid-19 pandemic and whose aim was to obtain alternative processes for the more sustainable commercial-scale production of certain chemical products based on the capture of industrial CO₂ emissions.

As part of the development of different strategies for the production of isobutene and lactic acid, milestones were achieved including increased productivity in the generation of isobutene or the definition of a test bench for the pre-treatment of exhaust gases in the cement industry with a view to concentrating CO₂ and eliminating O₂ and impurities.

Work has now been completed on the technical-economic analysis and the replication of the process. The results are structured around the virtual **BIORECO2VER** plant, which, in turn, is based on hypotheses, the output of the metabolic models developed and the experimental results obtained.

The life cycle analysis sustainability assessment has been completed and the social acceptance and public perception of CO₂-based products has been subject to evaluation. A number of points were drawn up to implement a good marketing strategy and an education campaign for consumer products that include captured CO₂.

Outreach and communication activities continued and two final stakeholder events were organised in the form of a hybrid event and a free online webinar, at which attendance was high (each receiving more than 200 attendees).

9. OTHER RELEVANT INFORMATION. SHARE PERFORMANCE AND OTHER INFORMATION

9.1. Share performance

Attached is a table detailing the performance of FCC's shares during the year compared to the previous year.

	Jan. – Dec. 2022	Jan. – Dec. 2021
Closing price (€)	8.82	10.68
<i>Change in the period</i>	<i>(20.4%)</i>	<i>31.9%</i>
High (€)	11.02	11.00
Low (€)	7.58	7.91
Average daily trading (no. of shares)	51,109	69,303
Average daily trading (million euros)	0.5	0.7
Capitalisation at end of period (million euros)	3,866	4,711
No. of shares circulating at 30 June	438,344,983	425,173,636

Prices adjusted for 2021 and 2022 scrip dividends

9.2. Dividends

The Company's Board of Directors, at its meeting held on 14 June 2022, agreed to implement the agreement on the distribution of the scrip dividend adopted at FCC's General Shareholders' Meeting on 14 June 2022, in item 4 of the Agenda, in compliance with the terms and conditions agreed at the General Shareholders' Meeting. The holders of 97.94% of the free allocation rights opted to receive new shares, a very similar percentage to the previous years, in recognition for their confidence in management and the Group's value creation potential. Therefore, the paid-up capital increase was for 14,871,347 shares, bringing the total number of shares of capital stock to 440,044,983 shares on 12 July.

Subsequently, pursuant to the resolution adopted at the General Shareholders' Meeting held on 14 June 2022, the redemption of 1.7 million treasury shares was completed on 20 July, thus taking the share capital, on the reporting date, to 438,344,983 shares (see Acquisition and Disposal of own shares) (Note 17 to the consolidated financial statements).

10. DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES ACCORDING TO ESMA REGULATIONS (2015/1415en)

EBITDA

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

	Dec. 2022	Dec. 2021
Operating profit/(loss)	610,5	802.2
Amortisation of fixed assets and allocation of grants for non-financial and other assets	512,1	443.9
Impairment and gains/(losses) on disposal of fixed and non-current assets	174,9	-123.5
Other gains/(losses)	13,9	4.0
EBITDA	1.311,4	1,126.6

EBIT

This corresponds to the operating profit/(loss) in the consolidated income statement presented in the accompanying consolidated financial statements.

BACKLOG

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

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

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

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

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

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

In the Real Estate area, the real estate portfolio corresponds to the amount of the collection corresponding to the sales of properties pending formalisation at the end of the period in the Development activity. The GAV at the market value of the real estate assets as determined by independent experts and the occupancy rate at the occupied surface area of the portfolio of rental property assets divided by the portfolio's operating surface area.

NET FINANCIAL DEBT

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

VOLUNTARY TURNOVER RATE

Ratio of voluntary departures during the year to staff. Both voluntary departures and leaves of absence are considered to be low.

11. ANNUAL CORPORATE GOVERNANCE REPORT

The Annual Corporate Governance Report is available on the website of the National Securities Market Commission and on the issuer's website.

<https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=1&nif=A-28037224>

12. ANNUAL DIRECTORS' REMUNERATION REPORT

The Annual Directors' Remuneration Report is available on the website of the National Securities Market Commission and on the issuer's website.

<https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=6&nif=A-28037224>

13. NON-FINANCIAL INFORMATION STATEMENT

Auditor's Report on Information Relating to Internal
Control Over Financial Reporting (ICFR) of FOMENTO DE
CONSTRUCCIONES Y CONTRATAS, S.A. for the year
ended December 31, 2022



AUDITOR'S REPORT ON "INFORMATION RELATING TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)"

(Translation of a report and the information relating to the internal control over financial reporting originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails).

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

As requested by the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereinafter, the Company) and our engagement letter of September 28, 2022, we have applied certain procedures in relation to the accompanying "Information relating to the internal control over financial reporting" (hereinafter, "ICFR disclosures") of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A for the year ended December 31, 2022, which summarizes the Company's internal control procedures in respect of its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance, and supervision of an adequate internal control system as well as developing improvements to that system and preparing and establishing the content of the accompanying ICFR-related information.

It should be noted that irrespective of the quality of the design and operability of the internal control system adopted by the Company in relation to its annual financial reporting, it can only provide reasonable, rather than absolute assurance with respect to the objectives pursued, due to the inherent limitations to any internal control system.

In the course of our financial statement audit work and in keeping with Spain's Technical Auditing Standards, the sole purpose of our assessment of the Company's internal controls was to enable us to establish the scope, nature, and timing of the Company's financial statement audit procedures. Accordingly, our internal control assessment, performed in connection with the financial statement audit, was not sufficiently broad in scope to enable us to issue a specific opinion on the effectiveness of the internal controls over the annual financial disclosures that the Company is required to present.

For the purpose of issuing this report, we exclusively applied the specific procedures described below and indicated in the Guidelines on the Auditor's Report on Information Relating to The Internal Control Over Financial Reporting of listed companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of the abovementioned procedures performed was limited and substantially less than that of an audit carried out in accordance with generally accepted accounting principles, we have not expressed an opinion regarding its efficacy, design, or operational effectiveness regarding the Entity's 2022 financial data described in the accompanying ICOFR information. As a result, had we performed additional procedures to those stipulated in the abovementioned Guidelines or had we performed an audit or review of the internal controls over the annual financial disclosures that the Company is required to present, other matters might have come to our attention that would have been reported to you.

Furthermore, given that this special assignment neither constitutes a financial statement audit nor is it subject to prevailing audit regulations in Spain, we do not express an audit opinion in the terms provided for in said regulations.

The procedures performed were the following:

1. Read and understand the information prepared by the Company in relation to the ICFR -which is disclosed in the Annual Corporate Governance Report disclosure information included in the Directors' Report-and assess whether such information addresses all the required information which will follow the minimum content detailed in paragraph F, relating to the description of the ICFR, as per the model Annual Corporate Governance Report established by CNMV Circular nº 5/2013 of June 12, 2013 of the CNMV and subsequent amendments, the most recent being CNMV Circular nº 3/2021 of September 28 (hereinafter, the CNMV Circulars).
2. Making inquiries of personnel in charge of preparing the information described in point 1 above in order to: (i) obtain an understanding of the process followed in its preparation; (ii) obtain information which will allow us to assess whether the terminology used is adapted to the definitions provided in the reference framework definitions; (iii) obtain information on whether the control procedures described are implemented and in use by the Company.
3. Reviewing the explanatory documentation supporting the information detailed in item 1 above, including documents directly made available to those responsible for describing ICFR systems. This documentation includes reports prepared by the Internal Audit Department, senior management, and other internal and external experts in their role supporting the audit and control committee.
4. Comparing the information detailed in item 1 above with their knowledge of the Company's ICFR obtained through the external audit procedures applied during the annual audit of the financial statements.
5. Reading of the minutes taken at meetings of the board of directors, audit and control committee, and other committees of the Company to evaluate the consistency between the ICFR businesses transacted and the information detailed in item 1 above.
6. Obtaining a management representation letter in connection with the work performed, signed by those responsible for preparing and authorizing the information detailed in item 1 above.

The specific procedures carried out in respect of the Company's ICFR disclosures did not reveal any inconsistencies or incidents that could affect such disclosures.

This report was prepared exclusively under the scope of the requirements stipulated in article 540 of the Consolidated Text of Spain's Corporate Enterprises Act and the CNMV circulars on ICFR-related descriptions in listed companies' Annual Corporate Governance Reports.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Fernando González Cuervo

February 24, 2023