



DESALIA, S.L.

ANNUAL ACCOUNT AND DIRECTOR'S REPORT FOR THE
FINANCIAL YEAR 2020 TOGETHER WITH THE AUDITOR'S
REPORT ON THE ANNUAL ACCOUNTS

DESALIA, S.L.

**Annual Accounts and Director's Report for the
financial year 2020 together with the Audit Report
on the Annual Accounts**

AUDITOR'S REPORT ON THE ANNUAL ACCOUNTS

ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2020:

Balance Sheets at 31 December 2020 and 2019

Profit and Loss Accounts corresponding to the financial years 2020 and 2019 Statement
of Changes in Net Equity corresponding to the financial years 2020 and 2019

Cash Flow Statement corresponding to the financial years 2020 and 2019

Annual report for the financial year 2020

DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2020

DESALIA, S.L.

AUDITOR'S REPORT ON THE ANNUAL ACCOUNTS

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Audit report on the financial statements issued by an independent auditor

To the Shareholders of DESALIA, S.L.:

Opinion

We have audited the financial statements of DESALIA, S.L. (the Company), which comprise the balance sheet as at 31 December 2020, the profit and loss account, the statement of changes in equity, the statement of cash flows and the report for the financial year ended on that date.

In our opinion, the accompanying financial statements give, in all material respects, a true and fair view of the Company's equity and financial position as at 31 December 2020, as well as its results and cash flows for the financial year ending on said date, in accordance with the application of the regulatory framework of financial information that results from (identified in note 2 of the report) and, in particular, with the accounting principles and criteria contained therein.

Basis for opinion

We have performed our audit in accordance with the current regulations governing the auditing of accounts in Spain. Our responsibilities in accordance with these regulations are described later in the section *Auditor's Responsibilities relating to the audit of the financial statements* of our report.

We are independent of the Company in accordance with the ethical requirements, including those of independence, which are applicable to our audit of the financial statements in Spain as required by the regulations governing the activity of auditing accounts. Accordingly, we have not provided services other than those of the audit of accounts nor have concurred situations or circumstances that, in accordance with the provisions of the aforementioned governing regulations, have compromised the necessary independence.

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

Key audit matters

The key audit matters are matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and in the formation of our opinion on these and we do not express a separate opinion on those matters.

Key audit matters

Audit response

Income recognition

The Company's activity consists in the construction and provision of maintenance services for desalination plants. These projects are formalized in multi-year contracts, so the recognition of income implies a significant degree of judgment and estimation by the Management, mainly in regard to the degree of progress and completion of the contracts.

Consequently, the determination of the degree of progress of the projects is an area of significant judgment that gives rise to consider this area as a key audit matter.

Our audit procedures have included, amongst others, those indicated below:

- Obtaining an understanding the execution and status of the main contracts that are being carried out in Egypt and that represent almost all of the income for financial year 2020.
- Documentary verification of a representative sample of the transactions carried out with the main client of the Company (invoices and collections) during financial year 2020.
- Perform detailed testing for a sample of the costs and expenses incurred and confirmation of the construction costs incurred in the year by the related entity to whom the Company subcontracts most of the projects, as well as its confirmation of the degree of advancement at financial year-end.
- Verification of the reasonableness of the latest available updates of the project execution budgets, analyzing the recoverability of the costs incurred and the profitability of the projects based on the conditions agreed with the clients and the evolution thereof.

Emphasis of matter paragraphs

We would like to draw your attention to the fact, as mentioned in Note 1, that the Company makes a very significant share of its sales to a single customer. This issue does not change our opinion.

We would also like to draw your attention to Note 21.2., which shows the transactions performed in the fiscal year with related companies, under certain commercial and financial relationships with said companies, in the terms and conditions established by the parties, for which reason the annual accounts must be interpreted in that context. This issue does not change our opinion.

Other information: Management report

The other information comprises exclusively the management report for financial year 2020, the formulation of which is the responsibility of the Company's management and does not form an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility over the management report, in accordance with what is required by the regulations governing the audit activity, consists of evaluating and reporting on the consistency of the management report with the financial statements, based on the knowledge of the Entity obtained in performing the audit of the aforementioned accounts and without including information other than that obtained as evidence during the same. Likewise, our responsibility is to evaluate and report that the content and presentation of the management report are in accordance with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are obliged to report this.

Based on the work performed, as described in the previous paragraph, the information contained in the management report agrees with that in the financial statements for financial year 2020 and its content and presentation is in accordance with the applicable regulations.

The responsibility of the Sole Director in respect of the financial statements

The company's Sole Director is responsible for formulating the accompanying financial statements, so that they give a true image of the assets, the financial situation and the results of the Company, in accordance with the regulatory framework on financial information applicable to the Entity in Spain, and of the internal control that he considers necessary to allow the preparation of the financial statements free of material misstatement, due to fraud or error.

In the preparation of the financial statements, the company's Sole Director is responsible for assessing the Company's ability to continue as a going concern, revealing, as appropriate, the matters related to the company in operation and using the accounting principle of a going concern except if the Sole Director intends to liquidate the Company or cease operations, or if there is no other realistic alternative.

The auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, due to fraud or error, and to issue an audit report that contains our opinion. Reasonable assurance is a high degree of assurance, but is not a guarantee that an audit conducted in accordance with the regulations governing the audit activity in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the current regulations governing the account auditing activity in Spain, we exercise professional judgment and maintain an attitude of professional skepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and perform audit procedures to respond 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and disclosures made by the company's Sole Director.
- We conclude whether the use, by the Sole Director, of the accounting principle of the company as a going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is a material uncertainty related to events or conditions that can generate significant doubts about the ability of the Company to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we express a modified opinion. Our conclusions are based on the audit evidence obtained at the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with the company's Sole Director regarding, amongst other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the course of the audit.

Amongst the significant risks that have been communicated to the Entity's Sole Director, we determine those that have been of the greatest significance in the audit of the financial statements of the current period and that are, consequently, the risks we consider to be most significant.

We describe those matters in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

BDO Auditores, S.L.P. (ROAC S1273) (ROAC - *Official Registry of Account Auditors*)

Javier Martínez Ochoa (ROAC 11181)

31 March 2021

DESALIA, S.L.

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2020

This version of the Financial Statements is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the Financial Statements takes precedence over this translation.

DESALIA, S.L.
BALANCE SHEET AT 31 DECEMBER 2020 AND
RESTATED BALANCE SHEET AT 31 DECEMBER 2019
(Stated in euros)

ASSETS	Notes to the Report	2020	2019 Restated
NON-CURRENT ASSETS		837,411.69	1,614,245.54
Intangible assets	Note 5	24,581.15	36,838.91
Software		24,581.15	36,838.91
Property, plant and equipment	Note 6	405,991.23	35,024.34
Land and buildings		374,529.00	-
Technical installations and other fixed assets		12,683.86	17,754.22
Tangible assets in progress and advances		18,778.37	17,270.12
Investments in group companies and associates	Notes 8.3 and 21	403,033.40	1,484,111.11
Other financial assets		403,033.40	1,484,111.11
Long-term financial investments	Note 8.3	3,052.46	57,517.73
Equity instruments		300.51	300.51
Other financial assets		2,751.95	57,217.22
Deferred taxation assets	Note 15	753.45	753.45
CURRENT ASSETS		31,973,099.06	37,846,312.96
Stocks		3,197,139.65	7,410,581.82
Trade	Note 13	-	1,477,265.50
Ongoing and semi-finished products	Note 13	2,489.74	1,764.64
Advances to suppliers	Note 8.3	605,817.89	1,336,783.89
Advances to suppliers, group companies and associates	Notes 8.3 and 21	2,588,832.02	4,594,767.79
Trade debtors and other accounts receivable		3,103,298.53	13,051,009.20
Clients for sales and services	Note 8.3	3,071,082.15	12,890,589.71
Staff	Note 8.3	557.61	557.61
Current tax assets	Note 15	4,266.79	4,266.79
Other credits with the Public Administration	Note 15	27,391.98	155,595.09
Current financial investments	Note 8.2	2,864,456.70	278,147.85
Other equity instruments		5,001.31	-
Other financial assets		2,859,455.39	278,147.85
Current accruals		23,989.00	23,989.00
Cash and equivalent liquid assets	Note 8.1.a	22,784,215.18	17,082,585.09
Cash and banks		22,784,215.18	17,082,585.09
TOTAL ACTIVO		32,810,510.75	39,460,558.50

The Company's Financial Statements, which form a single unit, consist of these Balance Sheets, the attached Profit and Loss Accounts, Statement of Changes in Equity, Cash Flow Statements and the attached Annual Report, which consists of 23 Notes.

DESALIA, S.L.
BALANCE SHEET AT 31 DECEMBER 2020 AND
RESTATED BALANCE SHEET AT 31 DECEMBER 2019
(Stated in euros)

EQUITY AND LIABILITIES	Notes to the Report	2020	2019 Restated
EQUITY		12,432,562.21	7,749,722.73
Shareholder equity	Note 12	12,432,562.21	7,749,722.73
Share capital	Note 12.1	750,000.00	750,000.00
Authorised share capital		750,000.00	750,000.00
Reserves	Note 12.2	6,999,314.49	3,276,676.38
Legal and statutory		438,036.09	438,036.09
Other Reserves		6,561,278.40	2,838,640.29
Financial year's results	Note 3	6,933,247.72	5,523,046.35
(Interim dividend)	Note 12.3	(2,250,000.00)	(1,800,000.00)
NON-CURRENT LIABILITIES		573,726.80	2,808,606.80
Non-current accruals	Note 9.1	573,726.80	2,808,606.80
CURRENT LIABILITIES		19,804,221.74	28,902,228.97
Short-term provisions		13,702.43	13,702.43
Other provisions		13,702.43	13,702.43
Current debt		2,250,000.00	1,801,355.42
Other financial liabilities	Note 9.1	2,250,000.00	1,801,355.42
Current debt, group and associated companies	Notes 9.1 and 21	2,892.01	2,483.77
Trade creditors and other accounts payable		17,537,627.30	27,084,687.35
Suppliers	Note 9.1	3,369,216.35	8,303,965.34
Suppliers, group companies and associates	Notes 9.1 and 21	9,523,384.01	4,258,271.02
Sundry creditors	Note 9.1	380,999.98	33,667.26
Staff (salaries pending payment)	Note 9.1	17,158.74	-
Liabilities for current tax	Note 15	1,541,052.01	740,297.18
Other debt with the Public Administration	Note 15	83,599.70	526,971.75
Client advances	Note 9.1	2,622,216.51	13,221,514.80
TOTAL EQUITY AND LIABILITIES		32,810,510.75	39,460,558.50

The Company's Financial Statements, which form a single unit, consist of these Balance Sheets, the attached Profit and Loss Accounts, Statement of Changes in Equity, Cash Flow Statements and the attached Annual Report, which consists of 23 Notes.

DESALIA, S.L.
PROFIT AND LOSS ACCOUNTS FOR THE FINANCIAL YEARS 2020 AND 2019
(Stated in euros)

PROFIT AND LOSS ACCOUNT	Notes to the Report	2020	2019
Net turnover	Note 22	62,986,399.49	44,015,957.40
Net sales		56,971,874.75	41,924,066.31
Provision of services		6,014,524.74	2,091,891.09
Supplies	Note 16.a	(51,822,817.62)	(36,451,770.94)
Consumption of merchandise		(21,479,356.47)	(13,727,655.39)
Consumption of raw and other materials		5,590.89	(274.92)
Work carried out by other companies		(30,349,052.04)	(22,723,840.63)
Other operating income		194.17	486.04
Ancillary and other current income		194.17	-
Operating subsidies incorporated to the result		-	486.04
Personnel expenses		(385,927.90)	(323,785.52)
Salaries, wages and similar		(310,696.68)	(262,415.05)
Social Security charges	Note 16.b	(75,231.22)	(61,370.47)
Other operating expenses		(1,544,399.25)	(1,068,261.28)
External services	Note 16.c	(1,538,361.30)	(1,052,944.66)
Taxes		(6,037.95)	(1,614.19)
Losses, impairment and provision variations on trade operations		-	(13,702.43)
Depreciation and amortisation	Notes 5 and 6	(20,199.12)	(2,661.25)
Other results		24,938.88	18,917.49
OPERATING RESULT		9,238,188.65	6,188,881.94
Financial income	Note 16.d	447,581.31	424,946.15
Other income from holdings in third party equity instruments		-	12,394.43
Other income from negotiable securities and third-party financial instruments		447,581.31	412,551.72
Financial expenses	Note 16.d	(281,289.75)	(6,576.37)
From debt with Group and associated companies		-	(11.66)
Due to debts with third parties		(281,289.75)	(6,564.71)
Changes in fair value of financial instruments		1.31	-
Trading portfolio and other		1.31	-
Exchange differences	Note 14	(160,007.08)	757,281.77
FINANCIAL RESULT		6,285.79	1,175,651.55
RESULT BEFORE TAX		9,244,474.44	7,364,533.49
Tax on profits	Note 15	(2,311,226.72)	(1,841,487.14)
RESULTS FOR YEAR FROM CONTINUED OPERATIONS		6,933,247.72	5,523,046.35
RESULTS FOR YEAR		6,933,247.72	5,523,046.35

The Company's Financial Statements, which form a single unit, consist of these Profit and Loss Accounts, the attached Balance Sheets, Statement of Changes in Equity, Cash Flow Statements and the attached Annual Report, which consists of 23 Notes.

DESALIA, S.L.
STATEMENT OF CHANGES IN EQUITY
A) STATEMENT OF RECOGNISED INCOME AND EXPENSES
IN THE YEARS 2020 AND 2019

(Stated in euros)

	Notes to the Report	2020	2019
RESULTS FROM THE PROFIT AND LOSS ACCOUNT		6,933,247.72	5,523,046.35
Income and expenses directly attributable to equity:			
Grants, donations and legacies received		-	-
Tax effect		-	-
TOTAL INCOME AND EXPENSES DIRECTLY ATTRIBUTABLE TO EQUITY		-	-
Transfers to the profit and loss account:			
Grants, donations and legacies received		-	-
Tax effect		-	-
TOTAL TRANSFERS TO THE PROFIT AND LOSS ACCOUNT		-	-
TOTAL RECOGNISED INCOME AND EXPENSES		6,933,247.72	5,523,046.35

The Company's Financial Statements, which form a single unit, consist of this Statement of Changes in Equity, the attached Balance Sheets, Profit and Loss Accounts, Cash Flow Statements and the attached Annual Report, which consists of 23 Notes.

DESALIA, S.L
STATEMENT OF CHANGES IN EQUITY
B) TOTAL STATEMENT OF CHANGES IN EQUITY IN FINANCIAL YEARS 2020 AND 2019
(Stated in euros)

	Authorised share capital	Reserves	Results from previous years	Results for financial year	Interim dividend	Total
ADJUSTED OPENING BALANCE 2019	750,000.00	55,888.58	208,627.73	4,372,160.08	(1,360,000.00)	4,026,676.38
Total recognised income and expenses	-	-	-	5,523,046.35	-	5,523,046.35
Transactions with shareholders or owners	-	-	-	-	(1,800,000.00)	(1,800,000.00)
Interim dividend from 2019 financial year's result	-	-	-	-	(1,800,000.00)	(1,800,000.00)
Other variations in equity	-	3,220,787.80	(208,627.73)	(4,372,160.08)	1,360,000.00	-
Distribution of previous year's results	-	3,220,787.80	(208,627.73)	(4,372,160.08)	1,360,000.00	-
BALANCE AT YEAR-END 2019	750,000.00	3,276,676.38	-	5,523,046.35	(1,800,000.00)	7,749,722.73
ADJUSTED OPENING BALANCE 2020	750,000.00	3,276,676.38	-	5,523,046.35	(1,800,000.00)	7,749,722.73
Total recognised income and expenses	-	-	-	6,933,247.72	-	6,933,247.72
Transactions with shareholders or owners	-	-	-	-	(2,250,000.00)	(2,250,000.00)
Interim dividend from 2020 financial year's result	-	-	-	-	(2,250,000.00)	(2,250,000.00)
Other variations in equity	-	3,722,638.11	-	(5,523,046.35)	1,800,000.00	(408.24)
Distribution of previous year's results	-	3,723,046.35	-	(5,523,046.35)	1,800,000.00	-
Other variations	-	(408.24)	-	-	-	(408.24)
BALANCE AT YEAR-END 2020	750,000.00	6,999,314.49	-	6,933,247.72	(2,250,000.00)	12,432,562.21

The Company's Financial Statements, which form a single unit, consist of this Statement of Changes in Equity, the attached Balance Sheets, the Profit and Loss Accounts, Cash Flow Statements and the attached Annual Report, which consists of 23 Notes.

DESALIA, S.L.
CASH FLOW STATEMENT FOR THE FINANCIAL YEARS 2020 AND 2019
(Stated in euros)

	Notes to the Report	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		11,567,539.63	8,556,314.15
Financial year's result before tax		9,244,474.44	7,364,533.49
Adjustments to the result		(146,092.44)	(402,006.10)
Depreciation/amortisation of property, plant and equipment	Notes 5 and 6	20,199.12	2,661.25
Value adjustments for impairment		-	13,702.43
Financial income	Note 16.d	(447,581.31)	(424,946.15)
Financial expenses	Note 16.d	281,289.75	6,576.37
Changes in current capital		3,813,337.96	3,025,878.13
Stocks		4,213,442.17	(3,973,940.56)
Debtors and other receivables		9,947,710.67	(5,172,282.19)
Other current assets		-	50,518.57
Creditors and other accounts payable		(10,347,814.88)	12,121,582.31
Other cash flows from operating activities		(1,344,180.33)	(1,432,091.37)
Interest payments	Note 16.d	(281,289.75)	(6,576.37)
Interest received	Note 16.d	447,581.31	424,946.15
Collection (payments) in respect of tax on profits	Note 15	(1,510,471.89)	(1,850,461.15)
CASH FLOWS FROM INVESTMENT ACTIVITIES		(2,910,343.59)	(1,213,843.48)
Payments for investments		(2,910,343.59)	(1,213,843.48)
Intangible assets	Note 5	-	(37,144.74)
Property, plant and equipment	Note 6	(378,908.25)	(32,085.05)
Other assets	Notes 8.2 and 8.3	(2,531,435.34)	(1,144,613.69)
CASH FLOWS FROM FINANCING ACTIVITIES		(2,955,565.95)	486,446.00
Collections and payments for financial liability instruments		(1,155,565.95)	1,846,446.00
Issue		1,081,077.71	1,846,446.00
Debts with group companies and associates		1,081,077.71	-
Other		-	1,846,446.00
Repayment and amortisation		(2,236,643.66)	-
Other		(2,236,643.66)	-
Payments for dividends and compensation of other equity instruments		(1,800,000.00)	(1,360,000.00)
Dividends	Note 12.3	(1,800,000.00)	(1,360,000.00)
NET INCREASE OF CASH AND CASH EQUIVALENTS		5,701,630.09	7,828,916.66
Cash and cash equivalents at the beginning of the financial year	Note 8.1.a	17,082,585.09	9,253,668.42
Cash and cash equivalents at financial year-end	Note 8.1.a	22,784,215.18	17,082,585.09

The Company's Financial Statements, which form a single unit, consist of these Cash Flow Statements, the attached Balance Sheets, the Profit and Loss Accounts, the Statement of Changes in Equity, and the attached Annual Report, which consists of 23 Notes.