



ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries

Condensed Consolidated Half-yearly Financial Statements for the six-month period ended June 30, 2021

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.



Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.



Limited Review
Report on
ACS, Actividades de
Construcción y Servicios,
S.A. and subsidiaries

(Together with the condensed consolidated interim financial statements and the directors' report of ACS, Actividades de Construcción y Servicios, S.A. and subsidiaries for the six-month period ended 30 June 2021)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)



KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Limited Review Report on the Condensed Consolidated Interim Financial Statements

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of
ACS, Actividades de Construcción y Servicios, S.A. commissioned by the Board of Directors

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

We have carried out a limited review of the accompanying condensed consolidated half-yearly financial statements (the "interim financial statements") of ACS, Actividades de Construcción y Servicios, S.A. (the "Company") and subsidiaries (together the "Group"), which comprise the statement of financial position at 30 June 2021, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and the explanatory notes thereto for the six-month period then ended (all condensed and consolidated). The Directors of the Company are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union, pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial information. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2021 have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, pursuant to article 12 of Royal Decree 1362/2007.

Emphasis of Matter

We draw your attention to the accompanying note 1.1, which states that these interim financial statements do not include all the information that would be required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying interim financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2020. This matter does not modify our conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The accompanying consolidated interim directors' report for the six-month period ended 30 June 2021 contains such explanations as the Directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The consolidated interim directors' report is not an integral part of the interim financial statements. We have determined that the accounting information contained therein is consistent with that disclosed in the interim financial statements for the six-month period ended 30 June 2021. Our work is limited to the verification of the consolidated interim directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of ACS, Actividades de Construcción y Servicios, S.A. and subsidiaries.

Other Matter

This report has been prepared at the request of the board of directors of ACS, Actividades de Construcción y Servicios, S.A. in relation to the publication of the six-monthly financial report required by article 119 of the Revised Securities Market Law, approved by Royal Legislative Decree 4/2015 of 23 October 2015 and enacted by Royal Decree 1362/2007 of 19 October 2007.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Manuel Martín Barbón
27 July 2021

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ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

| ASSETS | Note | Thousands of Euros | |
|---|--------------|--------------------|-------------------|
| | | 30/06/2021 | 31/12/2020 |
| | | (*) | |
| NON-CURRENT ASSETS | | 11,319,297 | 13,018,795 |
| Intangible assets | 02 | 3,296,146 | 3,659,179 |
| Goodwill | | 2,649,417 | 2,863,053 |
| Other intangible assets | | 646,729 | 796,126 |
| Tangible assets - property, plant and equipment | 03 | 1,486,794 | 1,764,077 |
| Non-current assets in projects | 04 | 79,101 | 406,151 |
| Investment property | | 40,729 | 42,298 |
| Investments accounted for using the equity method | 05 | 4,338,941 | 4,479,551 |
| Non-current financial assets | 06 | 549,284 | 760,556 |
| Long term deposits | 06 | — | 283 |
| Derivative financial instruments | 11 | 272 | 17,847 |
| Deferred tax assets | 12 | 1,528,030 | 1,888,853 |
| CURRENT ASSETS | | 25,813,564 | 24,314,925 |
| Inventories | 07 | 682,730 | 715,241 |
| Trade and other receivables | 06 | 7,906,112 | 10,498,289 |
| Trade receivables for sales and services | | 6,565,878 | 8,500,244 |
| Other receivable | | 1,159,480 | 1,762,431 |
| Current tax assets | | 180,754 | 235,614 |
| Other current financial assets | 06 and 10.02 | 1,435,873 | 1,354,982 |
| Derivative financial instruments | 11 | 181,071 | 251,316 |
| Other current assets | | 204,635 | 233,154 |
| Cash and cash equivalents | 06 | 6,368,103 | 8,080,808 |
| Non-current assets held for sale and discontinued operations | 01.04 | 9,035,040 | 3,181,135 |
| TOTAL ASSETS | | 37,132,861 | 37,333,720 |

(*) Unaudited.

The accompanying notes 01 to 21 and Appendix I are an integral part of the consolidated statement of financial position at 30 June 2021.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

| EQUITY AND LIABILITIES | Note | Thousands of Euros | |
|--|-------|--------------------|-------------------|
| | | 30/06/2021 | 31/12/2020 |
| | | (*) | |
| EQUITY | 08 | 4,314,636 | 4,275,907 |
| SHAREHOLDERS' EQUITY | | 3,981,722 | 4,197,251 |
| Share capital | | 155,332 | 155,332 |
| Share premium | | 366,379 | 495,226 |
| Reserves | | 3,835,573 | 3,608,699 |
| (Treasury shares and equity interests) | | (726,680) | (636,011) |
| Profit for the period of the parent | | 351,118 | 574,005 |
| ADJUSTMENTS FOR CHANGES IN VALUE | | (486,408) | (668,772) |
| Financial assets with changes in other comprehensive income | | (10,522) | (27,547) |
| Hedging instruments | | (142,856) | (159,383) |
| Translation differences | | (333,030) | (481,842) |
| EQUITY ATTRIBUTED TO THE PARENT | | 3,495,314 | 3,528,479 |
| NON-CONTROLLING INTERESTS | | 819,322 | 747,428 |
| NON-CURRENT LIABILITIES | | 11,057,364 | 10,605,990 |
| Grants | | 2,014 | 3,485 |
| Non-current provisions | 09 | 1,132,040 | 1,276,375 |
| Non-current financial liabilities | 10 | 9,123,365 | 8,370,036 |
| Bank borrowings, debt instruments and other marketable securities | | 8,969,299 | 8,179,726 |
| Project finance with limited recourse | | 56,151 | 73,318 |
| Other financial liabilities | | 97,915 | 116,992 |
| Long term lease liabilities | 03 | 393,578 | 472,836 |
| Derivative financial instruments | 11 | 49,470 | 49,791 |
| Deferred tax liabilities | 12 | 264,450 | 320,488 |
| Other non-current liabilities | | 92,447 | 112,979 |
| CURRENT LIABILITIES | | 21,760,861 | 22,451,823 |
| Current provisions | | 839,825 | 921,378 |
| Current financial liabilities | 10 | 1,656,583 | 2,885,808 |
| Bank borrowings, debt instruments and other marketable securities | | 1,601,076 | 2,781,175 |
| Project finance with limited recourse | | 17,611 | 16,123 |
| Other financial liabilities | | 37,896 | 88,510 |
| Short term lease liabilities | 03 | 155,843 | 192,173 |
| Derivative financial instruments | 11 | 195,041 | 155,460 |
| Trade and other payables | | 11,030,733 | 15,824,034 |
| Suppliers | | 5,969,413 | 8,619,276 |
| Other payables | | 4,925,346 | 6,983,515 |
| Current tax liabilities | | 135,974 | 221,243 |
| Other current liabilities | | 897,042 | 226,888 |
| Liabilities relating to non-current assets held for sale and discontinued operations | 01.04 | 6,985,794 | 2,246,082 |
| TOTAL EQUITY AND LIABILITIES | | 37,132,861 | 37,333,720 |

(*) Unaudited.

The accompanying notes 01 to 21 and Appendix I are an integral part of the consolidated statement of financial position at 30 June 2021.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES**CONSOLIDATED INCOME STATEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

| | Note | Thousands of Euros | |
|--|----------|--------------------|-------------------|
| | | 30/06/2021 | 30/06/2020 |
| | | (*) | (**) |
| REVENUE | 13 | 13,329,678 | 14,889,156 |
| Changes in inventories of finished goods and work in progress | | 16,432 | (11,288) |
| Capitalised expenses of in-house work on assets | | 94 | 851 |
| Procurements | | (9,043,461) | (10,109,825) |
| Other operating income | | 57,952 | 254,748 |
| Personnal expenses | | (3,087,504) | (3,260,533) |
| Other operating expenses | | (704,600) | (841,343) |
| Depreciation and amortisation | | (245,930) | (443,550) |
| Allocation of grants relating to non-financial assets and others | | 179 | 163 |
| Impairment and gains on the disposal of non-current assets | 16 | 48,406 | 26,118 |
| Other results | | 8,201 | (10,665) |
| Ordinary results of companies accounted for using the equity method | 05 | 136,730 | 15,222 |
| Financial income | | 69,843 | 83,384 |
| Financial costs | 14 | (185,424) | (199,300) |
| Changes in the fair value of financial instruments | 17 | (129,443) | (77,980) |
| Exchange differences | | 1,791 | (35,839) |
| Impairment and gains or losses on the disposal of financial instruments | 16 | 12,521 | 116,086 |
| Non-ordinary results of companies accounted for using the equity method | 05 | 2,061 | 3,886 |
| PROFIT BEFORE TAX | 13 | 287,526 | 399,291 |
| Income tax | 12 | (21,425) | (118,515) |
| PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS | | 266,101 | 280,776 |
| Profit after tax from discontinued operations | 01.04.02 | 224,285 | 242,250 |
| PROFIT FOR THE PERIOD | | 490,386 | 523,026 |
| (Profit) / loss attributed to non-controlling interests | | (130,350) | (150,376) |
| (Profit) / loss from discontinued operations attributable to non-controlling interests | | (8,918) | (11,624) |
| PROFIT ATTRIBUTABLE TO THE PARENT | | 351,118 | 361,026 |

| EARNINGS PER SHARE | Note | Euros per share | |
|---|-------|-----------------|------------|
| | | 30/06/2021 | 30/06/2020 |
| Basic earnings per share | 01.11 | 1.23 | 1.21 |
| Diluted earnings per share | 01.11 | 1.23 | 1.21 |
| Basic earnings per share from discontinued operations | 01.11 | 0.76 | 0.77 |
| Basic earnings per share from continuing operations | 01.11 | 0.48 | 0.44 |
| Diluted earnings per share from discontinued operations | 01.11 | 0.76 | 0.77 |
| Diluted earnings per share from continuing operations | 01.11 | 0.48 | 0.44 |

(*) Unaudited.

(**) Restated unaudited.

The accompanying notes 01 to 21 and Appendix I are an integral part of the consolidated income statement for the six-month period ended 30 June 2021.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

| | Thousands of Euros | |
|--|--------------------|------------------|
| | 30/06/2021 (*) | 30/06/2020 (**) |
| (A) CONSOLIDATED RESULTS FOR THE PERIOD | 490,386 | 523,026 |
| (B) OTHER COMPREHENSIVE INCOME - ITEMS THAT ARE NOT RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD: | 35,085 | (8,618) |
| For actuarial gains and losses | 51,577 | (10,401) |
| Efecto impositivo | (16,492) | 1,783 |
| (C) OTHER COMPREHENSIVE INCOME - ITEMS THAT MAY BE RECLASSIFIED AFTER THE INCOME FOR THE PERIOD: | 298,661 | (292,995) |
| 1. Hedging transactions: | (35,288) | (2,974) |
| Valuation gains/(losses) | (42,025) | (8,431) |
| Amounts transferred to the profit and loss account | 6,737 | 5,457 |
| 2. Conversion differences: | 144,472 | (78,566) |
| Valuation gains/(losses) | 144,860 | (80,663) |
| Amounts transferred to the profit and loss account | (388) | 2,097 |
| 3. Share in other comprehensive income recognized for investments in joint ventures and associates: | 157,193 | (202,191) |
| Valuation gains/(losses) | 157,193 | (202,191) |
| 4. Debt instruments at fair value with changes in other comprehensive income | — | — |
| 5. Other income and expenses that may be reclassified after the result of the period: | 39,013 | (9,519) |
| Valuation gains/(losses) | 39,013 | (9,519) |
| 6. Tax effect | (6,729) | 255 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A + B + C) | 824,132 | 221,413 |
| Attributed to the controlling entity | 551,950 | 169,872 |
| Attributed to non-controlling interests | 272,182 | 51,541 |

(*) Unaudited.

(**) Restated unaudited.

The accompanying notes 01 to 21 and Appendix I are an integral part of the consolidated statement of comprehensive income for the six-month period ended 30 June 2021.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

| | Thousands of Euros | | | | | | | |
|--|--------------------|----------------|--------------------------------------|------------------|-----------------------|--|---------------------------|------------------|
| | Share capital | Share premium | Retained earnings and other reserves | Treasury shares | Valuation adjustments | Profit/(Loss) attributed to the Parent | Non-controlling interests | TOTAL |
| Balance at 01 January 2020 | 157,332 | 897,294 | 3,163,352 | (402,542) | (356,377) | 962,027 | 1,084,882 | 5,505,968 |
| Income/(expenses) recognised in equity (**) | — | — | (3,923) | — | (187,231) | 361,026 | 51,541 | 221,413 |
| Capital increases/(reductions) (Note 01.10 and 08) | 1,450 | — | (1,450) | — | — | — | — | — |
| Stock options | — | — | 2,236 | — | — | — | — | 2,236 |
| Distribution of profit from the prior year | | | | | | | | |
| To reserves | — | — | 962,027 | — | — | (962,027) | — | — |
| Acquisition of free allocation rights against 2019 (Note 01.10) | — | — | (141,284) | — | — | — | — | (141,284) |
| Remaining of free allocation rights against 2019 (Note 01.10) | — | — | 92,723 | — | — | — | — | 92,723 |
| Acquisition of complementary allocation rights against 2019 (Note 01.10) | — | — | (484,583) | — | — | — | — | (484,583) |
| To dividends | — | — | — | — | — | — | (225,822) | (225,822) |
| Treasury shares | (1,450) | — | (93,992) | (292,705) | — | — | — | (388,147) |
| Treasury shares through investees | — | — | (39,929) | — | — | — | (64,662) | (104,591) |
| Additional ownership interest in controlled entities | — | — | (76,668) | — | — | — | (112,844) | (189,512) |
| Change in the scope of consolidation and other effects of a lesser amount (**) | — | — | (32) | — | — | — | 18,530 | 18,498 |
| Balance at 30 June 2020 (**) | 157,332 | 897,294 | 3,378,477 | (695,247) | (543,608) | 361,026 | 751,625 | 4,306,899 |

| | Thousands of Euros | | | | | | | |
|---|--------------------|----------------|--------------------------------------|------------------|-----------------------|--|---------------------------|------------------|
| | Share capital | Share premium | Retained earnings and other reserves | Treasury shares | Valuation adjustments | Profit/(Loss) attributed to the Parent | Non-controlling interests | TOTAL |
| Balance at 31 December 2020 | 155,332 | 495,226 | 3,608,699 | (636,011) | (668,772) | 574,005 | 747,428 | 4,275,907 |
| Income/(expenses) recognised in equity | — | — | 18,468 | — | 182,364 | 351,118 | 272,182 | 824,132 |
| Capital increases/(reductions) (Note 1.11 and 8) | 1,284 | — | (1,284) | — | — | — | — | — |
| Stock options | — | — | 2,236 | — | — | — | — | 2,236 |
| Distribution of profit from the prior year | | | | | | | | |
| To reserves | — | — | 574,005 | — | — | (574,005) | — | — |
| Acquisition of complementary allocation rights against 2020 (Note 01.10) | — | — | (128,847) | — | — | — | — | (128,847) |
| Remaining of allocation rights against 2020 (Note 01.10) | — | — | 73,131 | — | — | — | — | 73,131 |
| Remaining of complementary allocation rights against 2020 | — | — | (359,064) | — | — | — | — | (359,064) |
| To dividends | — | — | — | — | — | — | (157,226) | (157,226) |
| Treasury shares | (1,284) | (128,847) | 66,282 | (90,669) | — | — | — | (154,518) |
| Treasury shares through investees | — | — | 197 | — | — | — | 180 | 377 |
| Change in the scope of consolidation and other effects of a lesser amount | — | — | (18,250) | — | — | — | (43,242) | (61,492) |
| Balance at 30 June 2021 | 155,332 | 366,379 | 3,835,573 | (726,680) | (486,408) | 351,118 | 819,322 | 4,314,636 |

(*) Unaudited.

(**) Restated unaudited.

The accompanying notes 01 to 21 and Appendice I are an integral part of the consolidated statement of changes in equity for the six-month period ended 30 June 2021.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

| | Note | Thousands of Euros | |
|---|----------------|--------------------|------------------|
| | | 30/06/2021 | 30/06/2020 |
| | | (*) | (**) |
| A) CASH FLOWS FROM OPERATING ACTIVITIES | | (134,039) | (219,604) |
| 1 Profit before tax | | 287,526 | 399,291 |
| 2 Adjustments for: | | 479,158 | 893,357 |
| Depreciation and amortisation | | 245,930 | 443,550 |
| Other adjustments to profit (net) | 01.07 | 233,228 | 449,807 |
| 3 Changes in working capital | | (1,119,404) | (1,628,154) |
| 4 Other cash flows from operating activities: | | 218,681 | 115,902 |
| Interest paid | 10 | (207,272) | (233,330) |
| Dividends received | | 401,628 | 407,919 |
| Interest received | 01.07 | 72,865 | 77,915 |
| Income tax (paid) / received | 12 | (48,540) | (136,602) |
| B) CASH FLOWS FROM INVESTING ACTIVITIES | 02 and 03 | (279,240) | (480,914) |
| 1 Investment paid: | | (376,977) | (755,490) |
| Group companies, associates and business units | | (112,642) | (173,659) |
| Property, plant and equipment, intangible assets, projects and property investments | | (223,143) | (460,709) |
| Other financial assets | | (37,660) | (121,236) |
| Other assets | | (3,532) | 114 |
| 2 Divestment: | 02 and 03 | 97,737 | 274,576 |
| Group companies, associates and business units | | 34,829 | 218,876 |
| Property, plant and equipment, intangible assets, projects and investment property | | 20,155 | 30,262 |
| Other financial assets | | 35,306 | 25,438 |
| Other assets | | 7,447 | — |
| C) CASH FLOWS FROM FINANCING ACTIVITIES | | (1,458,835) | 1,155,965 |
| 1 Equity instrument proceeds / (and payment): | 01.07 y and 08 | (146,574) | (571,473) |
| Acquisition | | (152,960) | (582,294) |
| Disposal | | 6,386 | 10,821 |
| 2 Liability instrument proceeds / (and payment): | 10 | 189,365 | 2,896,514 |
| Issue | | 2,905,385 | 6,484,721 |
| Refund and repayment | | (2,716,020) | (3,588,207) |
| 3 Dividends paid and remuneration relating to other equity instruments: | 01.11 | (59,394) | (71,883) |
| 4 Other cash flows from financing activities: | | (1,442,232) | (1,097,193) |
| Payment of operating lease principal | | (145,420) | (175,809) |
| Other financing activity proceeds and payables | | (1,296,812) | (921,384) |
| D) EFFECT OF CHANGES IN EXCHANGE RATES | | 159,409 | (56,628) |
| E) NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | | (1,712,705) | 398,819 |
| F) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | | 8,080,808 | 8,130,984 |
| G) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | | 6,368,103 | 8,529,803 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | | | |
| Cash and banks | | 5,303,287 | 7,100,875 |
| Other financial assets | | 1,064,816 | 1,428,928 |
| TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | | 6,368,103 | 8,529,803 |

(*) Unaudited

(**) Restated unaudited.

The accompanying notes 01 to 21 and Appendix I are an integral part of the consolidated statement of cash flows for the six-month period ended 30 June 2021.

ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries

Explanatory Notes to the Condensed Consolidated Half-yearly Financial Statements for the period ending on 30 June 2021

01. Introduction and basis of presentation for the Condensed Consolidated Half-yearly Financial Statement

ACS, Actividades de Construcción y Servicios, S.A. is a company incorporated in Spain in accordance with the Spanish Corporate Enterprise Act [Ley de Sociedades de Capital], and its registered office is at Avenida de Pío XII, nº 102, 28036 Madrid, Spain.

ACS, Actividades de Construcción y Servicios, S.A. is the parent company of a group of companies with diverse activities, including construction (both civil construction and building), industrial services (both industry support services and integrated projects), services (for individuals and buildings, cities and their surroundings) and concessions. The Company is therefore obliged to prepare, in addition to its own Annual Accounts, the Group's Consolidated Annual Accounts, which include subsidiaries, interests in joint ventures and investments in associated companies.

01.01. Basis of presentation and principles for consolidation

01.01.01. Basis of presentation

The Condensed Consolidated Half-yearly Financial Statements of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries (the ACS Group) for the period of six months ending on 30 June 2021, were approved by the directors of the Parent Company at its Board of Directors meeting held on 27 July 2021, and were prepared using the accounting records kept by the Parent Company and the other companies within the ACS Group.

The directors approved the Condensed Consolidated Half-yearly Financial Statements on the presumption that anyone who reads them will also have access to the Consolidated Annual Accounts for the year ended 31 December 2020, prepared in accordance with International Financial Reporting Standards (IFRS), which were authorized for issue on 31 March 2021 and approved by shareholders at the General Shareholders' Meeting held on 7 May 2021. Consequently, and as they have been prepared using the accounting principles and standards employed in preparing the Consolidated Annual Accounts, it was not necessary to repeat or update the notes that are included in these Condensed Consolidated Half-yearly Financial Statements. Instead, the accompanying explanatory notes include an explanation of events and transactions that are significant to an understanding of the changes in the consolidated financial position and consolidated performance of the ACS Group since the date of the above-mentioned Consolidated Annual Accounts. So the interim financial information does not include all the information required by the International Financial Reporting Standards adopted by the European Union for a set of complete financial statements.

This consolidated interim financial information was prepared in accordance with International Accounting Standard 34 (IAS 34), on Interim Financial Reporting, and all the mandatory accounting principles and rules and measurement bases and, accordingly, they present fairly the ACS Group's consolidated equity and financial position at 30 June 2021, and the results of its transactions, the changes in consolidated equity and the consolidated cash flows in the interim period then ended. All of this is pursuant to section 12 of Royal Decree 1362/2007.

In preparing this consolidated financial information for the ACS Group for the six-month period ended on 30 June 2021, estimates were occasionally made by the senior executives of the Group and of the consolidated entities, in order to quantify certain of the assets, liabilities, income, expenses and obligations reported in it. These estimates essentially refer to the same aspects detailed in the Consolidated Annual Accounts for the year ended 31 December 2020:

- The measurement aimed at determining whether there are impairment losses on certain assets and, in particular, the assumptions and hypotheses considered in the analysis of the recoverability of the investment in Abertis.
- The fair value of assets acquired and of the liabilities assumed in business combinations and the assignment of Purchase Price Allocation in acquisitions.
- The measurement of goodwill.
- The recognition of construction contract revenue and costs.
- The amount of certain provisions.
- The assumptions used in calculating liabilities and obligations to employees.
- The market value of derivatives (such as equity swaps, interest rate swaps, forward contracts and put options granted to Elliot on the stake in Thies, etc.) mentioned in Note 11.
- The useful life of the intangible assets and tangible assets.
- The recoverability of deferred tax assets.
- The evaluation and analysis carried out by ACS Group Management in relation to the main ongoing implications of the impact of COVID-19.
- The consideration of the sale of the Industrial Services division as a non-current asset held for sale and discontinued operation.

In addition to the aspects mentioned in the Consolidated Annual Accounts for the year ended 31 December 2020, the income tax expenditure is of note, which pursuant to IAS 34 is recorded in interim periods based on the best estimate of the weighted average tax rate that the Group expects for the annual period.

Although these estimates were made using the best information available on the date when these Condensed Consolidated Half-yearly Financial Statements were drawn up with regard to the facts reviewed, events that take place in the future might make it necessary to change these estimates (upward or downward) in coming years. Changes in accounting estimates would be applied prospectively, recognising the effects of the change in estimates in the related future Consolidated Annual Accounts.

Changes in accounting estimates and policies and correction of fundamental errors

- [Changes in accounting estimates.](#)

The effect of any change in accounting estimates is recorded under the same heading in the income statements in which the revenue or expense based on the previous estimate was recorded.

- [Changes in accounting policies and correction of fundamental errors](#)

The effect of any change in accounting policies and of any correction of fundamental errors is recognised as follows in accordance with IAS 8: the cumulative effect at the beginning of the year is adjusted in reserves, whereas the effect on the current year is recognised in profit or loss. Also, in these cases the financial date on the comparative year presented together with the year in course is restated.

There were no corrections to errors in the Explanatory Notes to the Condensed Consolidated Half-yearly Financial Statements for the period ending on 30 June 2021. Nor were there any significant changes to the accounting policies.

01.01.02. Bases of consolidation

The bases of consolidation applied in the first half of 2021 are consistent with those applied in the 2020 Consolidated Annual Financial Statements.

Notwithstanding the above, as a result of the ongoing situation caused by the COVID-19 outbreak in March 2020, raising questions about how markets will perform, the relevant accounting estimates and significant judgments in the preparation of these Condensed Consolidated Half-yearly Financial Statements are affected by a greater degree of uncertainty. Accordingly, the effects on the ACS Group's Condensed Consolidated Half-yearly Financial Statement were assessed and analysed, as indicated in the following note.

01.01.03. Effects of COVID-19

On 11 March 2020, the World Health Organization declared the Coronavirus COVID-19 outbreak to be a pandemic, due to its rapid spread around the world, affecting more than 150 countries. This situation is having a substantial impact on the global economy due to the interruption or slowdown of supply chains and the significant increase in economic uncertainty, reflected in increased volatility of asset prices and exchange rates and a reduction of long-term interest rates. The Group's directors and management are constantly monitoring how the situation is developing in terms of both financial and non-financial considerations.

Even though most of the ACS Group's operations are classified as essential services with a business continuity approach, the coronavirus pandemic has affected the contracting activity, causing delays in awards of new projects and services, and a slow-down of revenues from all of our activities, both in Spain and in the other countries where we are present.

As the pandemic progresses, the ACS Group is monitoring the impact that COVID-19 may have on its operational and financial performance in 2021. Although the current situation caused by the COVID-19 pandemic raises uncertainty as to how the markets will perform and develop, the Group is highly diversified in terms of its activities and location in developed regions with stable political frameworks, and has a very significant backlog (see Note 13) amounting to EUR 63,992 million, equivalent to approximately 24 months considering the current rate of sales.

01.02. Entry into force of new accounting standards

Changes in accounting policies

The following mandatory standards and interpretations for 2021, already adopted in the European Union, came into force in 2021 and, where applicable, were used by the Group in the preparation of the Condensed Consolidated Half-yearly Financial Statements:

(1) New standards, amendments and interpretations whose application is mandatory in the year beginning 1 January 2021:

| Approved for use in the European Union | | Mandatory application in the years from: |
|--|--|--|
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Reform of Benchmark Interest Rates – Phase 2 | Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to the reform of the benchmark indexes (phase two). | 1 January 2021 |
| Amendment IFRS 4 Deferral of application of IFRS 9 | Deferral of application of IFRS 9 until 2023. | |

| Not approved for use in the European Union | | Mandatory application in the years from: |
|--|---|--|
| Amendment IFRS 16 Leases. Leasehold improvements (published in March 2021) | Amendment to extend the period of application of the practical solution of IFRS 16 envisaged for rent improvements related to COVID-19. | 1 January 2021 |

With respect to IFRS 9, IAS 39 and IFRS 7, the IASB has amended certain requirements for hedging relationships in order to be able to continue to apply hedge accounting under the assumption that certain benchmark interest rates on which the cash flows of hedging instruments and hedged items are based are not affected by the uncertainties generated by the reform of the interbank offered interest rates (IBOR indices). As at 31 December 2020, phase I of this amendment was completed and was not material for the Group. The IASB continues to develop guidance and amendments to address the various accounting considerations that may arise when the various IBORs are modified or replaced by other IBORs. In this second phase, certain practical expedients, clarifications and exceptions are proposed in order to best reflect financial assets, financial liabilities and lease liabilities in the financial statements of entities as a result of the reform of the IBORs.

The remaining standards have not had a significant impact on the figures reported or on the presentation and breakdown of the information, either because they do not entail relevant changes or because they refer to economic events that do not affect the ACS Group.

(2) New standards, amendments and interpretations whose application is mandatory subsequent to the calendar year beginning 1 January 2021 (applicable from 2022 onwards):

At the date of approval of these Condensed Consolidated Half-yearly Financial Statement, the following standards and interpretations had been published by the IASB but had not yet come into force, either because their effective date is subsequent to the date of the Condensed Consolidated Half-yearly Financial Statement or because they had not yet been adopted by the European Union:

| Not approved for use in the European Union | | Mandatory application in the years from: |
|--|--|---|
| Amendment IFRS 3 Reference to the Conceptual Framework (published in May 2020) | Update to IFRS 3 to bring the definitions of assets and liabilities in business combinations into line with those in the conceptual framework. Certain clarifications about the recording of contingent assets and liabilities were also added. | 1 January 2022 |
| Amendment to IAS 16 Earnings obtained before the envisaged use (published in May 2020) | The amendment prohibits deducting any proceeds on the sale of items from property, plant and equipment that are made while the company is preparing the asset for its envisaged use. Proceeds on the sale of those samples, together with production costs, must be recorded on the income statement. | |
| Amendment to IAS 37 Onerous contracts - Cost of fulfilling a contract (published in May 2020) | The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract and an allocation of any other costs that are directly related to performance of the contract. | |
| Improvements to IFRS Cycle 2018-20 (published in May 2020) | Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41. | |
| Amendment to IAS 1 Classification of liabilities as current or non-current (published in January 2020) | Clarifications regarding the presentation of liabilities as current or non-current. | 1 January 2023 |
| IFRS 17 Insurance contracts and their amendments (published in May 2017 and the amendments in June 2020) | Replaces IFRS 4 and draws together the principles of recording, valuation, presentation and breakdown in insurance contracts, with the aim that the entity provides relevant and reliable information which allows those using the financial information to determine the effect the contracts have in the financial statements. | |
| Amendment to IAS 8 Definition of accounting estimates (published in February 2021) | Amendments and clarifications about what should be understood as accounting estimates. | |
| Amendment to IAS 1 Breakdown of accounting policies (published in February 2021) | Amendments that allow companies to properly identify the information on material accounting policies that must be broken down in financial statements. | |
| Amendment to IAS 12 Deferred taxes on assets and liabilities arising from a single transaction (published in May 2021) | Clarifications on how companies should record deferred taxes arising from transactions such as leases and decommissioning obligations. | |

The directors do not expect any significant impact from the introduction of this amendment or the amendments summarised in the table above that have been published but are not yet effective, as they are prospective applications, changes in presentation and breakdown and/or they deal with aspects that are not applicable or not significant to the Group's transactions.

01.03. Comparative information

The information contained in these Condensed Consolidated Half-yearly Financial Statement of the ACS Group for the first half of 2020 and/or at 31 December 2020 is presented solely and exclusively for the purpose of comparison with each of the items in the consolidated financial statement, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and the Condensed Consolidated Half-yearly Financial Statement for the six-month period ended 30 June 2021. Comparative information must take into account the effects of COVID-19 (see Note 01.01.03). In addition, as a result of the transactions described in Note 01.01.04, the comparative information for the six-month period of 2020 included together with the consolidated income statement and the consolidated cash flow statement differs from that included in the Half-Yearly Financial Statements of 30 June 2020 approved on 14 August 2020 (see Note 01.01.04).

The explanatory notes include events or changes that might appear significant in explaining changes in the financial position and consolidated results of the ACS Group since the last Group's Consolidated Annual Accounts for the year 2020.

The Consolidated Annual Accounts of the ACS Group for 2020 (IFRSs as adopted by the European Union) were approved by the shareholders at the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 7 May 2021.

01.04. Non-current assets held for sale, liabilities relating to non-current assets held for sale and discontinued transactions

01.04.01. Non-current assets held for sale

30 June 2021

As at 30 June 2021, the non-current assets held for sale relate mainly to the Industrial business segment as a result of the agreement signed with Vinci on 31 March 2021.

In all the above cases a formal decision was made by the Group to sell these assets, and a plan for their sale was initiated. These assets are currently available for sale and the sale is expected to be completed within a period of 12 months from the date of their classification as assets held for sale. These assets are currently available for sale and the sale is expected to be completed within a period of 12 months from the date of their classification as assets held for sale. It is noteworthy that the assets, which were classified as held for sale at 30 June 2021, were held in this category for a period of over twelve months, but they were not sold due to certain circumstances, which at the time of their classification were not likely. Paragraph B1 (c) of appendix B of IFRS 5 exempts a company from using a one year period as the maximum period for classifying an asset as held for sale if, during the aforementioned period, circumstances arise which were previously considered unlikely, the assets were actively sold at a reasonable price and they fulfil the requirements agreed by Management and there is a high probability that the sale will occur within one year from the balance sheet date.

The increase in 2021 in the total value of the non-current assets held for sale amounts to EUR 5,853,905 thousand, and the increase in the liabilities associated with them amounts to EUR 4,739,712 thousand, resulting mainly from the transactions that have been described above. This increase was mainly due to the reclassification of the assets and liabilities of the Industrial Services activity subject to the sale agreement with Vinci as indicated in Note 01.04.02. As a result of the above, the Group has classified the operations of the majority of Industrial Services as discontinued operations, having met the criteria in accordance with IFRS 5.

In addition to the above, the detail of the main assets and liabilities held for sale at 30 June 2021 is as follows:

| | Thousands of Euros | | | |
|---|--------------------|-------------------|----------------|------------------|
| | 30/06/2021 | | | |
| | Renewable energy | Transmission line | Other | Total |
| Tangible assets - property, plant and equipment | 25,300 | — | 8,909 | 34,209 |
| Intangible assets | 32,282 | — | — | 32,282 |
| Non-current assets in projects | 1,577,763 | — | 95,429 | 1,673,192 |
| Financial Assets | 141,926 | 84,377 | 42,181 | 268,484 |
| Deferred tax assets | 4,943 | — | 45,652 | 50,595 |
| Other non-current assets | 12,120 | 10,449 | 521,289 | 543,858 |
| Current assets | 143,821 | 3,012 | 176,208 | 323,041 |
| Assets held for sale | 1,938,155 | 97,838 | 889,668 | 2,925,661 |
| Non-current liabilities | 1,041,212 | 2,080 | 45,776 | 1,089,068 |
| Current liabilities | 264,946 | 9,886 | 530,044 | 804,876 |
| Liabilities relating to assets held for sale | 1,306,158 | 11,966 | 575,820 | 1,893,944 |
| Non-controlling interests held for sale | 7,283 | — | 1,931 | 9,214 |

The ACS Group is currently studying and analysing the various put options or is in the process of selling them at the expense of obtaining the relevant authorizations, and therefore classified these assets under "Non-current assets held for sale, liabilities relating to non-current assets held for sale."

Furthermore, of note in the first six months of 2021 were the acquisition of a 5% stake in Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V. through which control of the company is achieved and the company changes from being accounted for by the equity method to full consolidation, revaluing all assets and liabilities at their fair acquisition value and recording income in the income statement under "Impairment and gains on the disposal of non-current assets" (see Note 16). In addition, the sale of the 50% stake held in the transporter Transmissora José Maria de Macedo de Electricidade, S.A. and the 50% stake in Brilhante Transmissora de Energias en Brasil, along with 100% of Parque Eólico Las Tadeas, S.L.

The amount corresponding to the net debt included in assets and liabilities held for sale at 30 June 2021 amounted to EUR 1,555,785 thousand (EUR 1,263,428 thousand at 31 December 2020), of which EUR 1,115,508 thousand (EUR 995,363 thousand at 31 December 2020) was in renewable energies, EUR 1,132 thousand (EUR 74,998 thousand at 31 December 2020) in transmission lines and others for EUR 439,145 thousand (EUR 193,067 thousand at 31 December 2020). Within the total amount of the aforementioned net debt, EUR 505,362 thousand (EUR 524,269 thousand at 31 December 2020) corresponds to limited recourse project financing. Net debt is calculated using the arithmetic sum of the current and non-current financial liabilities, less long-term deposits, other current financial assets and cash and other cash equivalents.

2020

At 31 December 2020, non-current assets held for sale related mainly, in the Industrial segment, to the renewable energy business (mainly photovoltaic plants, wind farms and solar thermal plants), and electricity transmission lines.

The breakdown of the main assets and liabilities held for sale at 31 December 2020 was as follows:

| | Thousands of Euros | | | |
|---|--------------------|-------------------|----------------|------------------|
| | 31/12/2020 | | | |
| | Renewable energy | Transmission line | Other | Total |
| Tangible assets - property, plant and equipment | 26,414 | — | 9,150 | 35,564 |
| Intangible assets | 55,100 | — | — | 55,100 |
| Non-current assets in projects | 1,299,394 | — | 29,471 | 1,328,865 |
| Financial Assets | 126,025 | 265,547 | 232,382 | 623,954 |
| Deferred tax assets | 7,204 | — | 1,981 | 9,185 |
| Other non-current assets | 202 | 11,749 | 74,917 | 86,868 |
| Current assets | 128,729 | 357 | 84,046 | 213,132 |
| Assets held for sale | 1,643,068 | 277,653 | 431,948 | 2,352,669 |
| Non-current liabilities | 926,122 | 2,082 | 44,881 | 973,085 |
| Current liabilities | 260,020 | 82,729 | 93,124 | 435,873 |
| Liabilities relating to assets held for sale | 1,186,142 | 84,811 | 138,005 | 1,408,958 |
| Non-controlling interests held for sale | 4,660 | — | 1,478 | 6,138 |

During the month of January 2020, an agreement was reached for the sale of the 50.1% that the Group still held at 31 December 2019 in Zero-E Euro Assets, S.A. as well as the sale of other photovoltaic energy projects also in Spain (see Note 01.08).

This agreement was amended in July 2020 with the creation of an entity (Joint Venture) which encompassed the projects already in operation and an initial package of those under development. Galp acquired 75.01% of it, for between EUR 300-350 million, and the ACS Group maintains an interest of 24.99%, with a joint control governance structure. The remaining projects will be gradually included in the Joint Venture.

On 15 September 2020, an agreement was reached with the Galp Energía Group (Galp) for the sale of shares representing 75% of the share capital of the company, which focuses its efforts on photovoltaic energy projects in Spain, both those currently in operation and those expected to be developed and brought into operation from 2020 to 2023, with a total installed capacity of 2,930 MW and an initial outlay by Galp of EUR 325 million.

The total enterprise value, once all the projects are completed, is estimated at around EUR 2,200 million, generating total net profits for the Group of approximately EUR 330 million, EUR 250 million of which was earned in the 2019 financial year.

In addition, on 28 April 2020, the ACS Group, through Iridium, Concessions de Infraestructuras, S.A., completed the sale, with the Hermes Infrastructure fund, of 74% of the capital of a company which held all of the Group's shares in six shadow toll concessions in Spain. The operation was carried out with an enterprise value (100%) of EUR 950 million and with a capital gain of 74% of the amount transferred of EUR 40 million, part of which was collected in the financial year 2019. At 31 December 2019, these assets were classified under "Other" in non-current assets held for sale. The remaining 26% was classified under "Investments accounted for using the equity method".

The income and expenses recognized under "Valuation adjustments" in the consolidated statement of changes in equity, which relate to operations considered to be held for sale at 30 June 2021 and 31 December 2020 are as follows:

| | Thousands of Euros | | | |
|---|--------------------|-------------------|-----------------|-----------------|
| | 30/06/2021 | | | |
| | Renewable energy | Transmission line | Other | Total |
| Exchanges differences | (9,943) | (17,893) | (9,837) | (37,673) |
| Cash flow hedges | (998) | — | (5,053) | (6,051) |
| Adjustments for changes in value | (10,941) | (17,893) | (14,890) | (43,724) |

| | Thousands of Euros | | | |
|---|--------------------|-------------------|-----------------|------------------|
| | 31/12/2020 | | | |
| | Renewable energy | Transmission line | Other | Total |
| Exchanges differences | (15,228) | (63,273) | (11,749) | (90,250) |
| Cash flow hedges | (7,846) | — | (4,720) | (12,566) |
| Adjustments for changes in value | (23,074) | (63,273) | (16,469) | (102,816) |

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. For this to be the case, the assets or disposal groups must be available for immediate sale in their present condition, and their sale must be highly probable.

01.04.02. Discontinued operations

BICC

The ACS Group has a 45% indirect interest through CIMIC in BIC Contracting LLC (BICC), a company domiciled in Dubai (United Arab Emirates), which at 30 June 2021 and 31 December 2020 had a carrying value of zero. The Group took the formal decision to sell and a plan for the sale was initiated. As a result of this process, on 15 February 2021, Cimic signed a sale agreement with a third party outside the Group (SALD Investment LLC), and this sale is expected to be completed in the coming months. In this context, the ACS Group has assessed the probability of sale of the investee, concluding that at year-end 2020 and 30 June 2021 the criteria of IFRS 5 for considering this investee as non-current assets held for sale are met.

Also, since BICC represents a specific geographical area of transactions for the ACS Group (there are no other permanent establishments in this area) and it is a component that represents a specific geographical area of transactions whose figures are significant, the ACS Group has considered the transactions of BICC to be a discontinued operation.

SALD, a UAE-based private sector investment company, will acquire CIMIC's 45% stake in BICC. The remaining 55% of BICC and that is not held by CIMIC will also be acquired by SALD. As a result of the sale transaction, BICC ceased to be a fully consolidated entity in the consolidated financial statements as of 2021, as all risks and benefits were transferred to the buyer and it therefore no longer had, from the date of signing the agreement, the power to direct the company's main activities and thus no longer had the ability or exposure to variable returns.

Assets and liabilities classified as held for sale are presented separately in the Consolidated Financial Statement under "Non-current assets held for sale and discontinued transactions" and "Liabilities related to non-current assets held for sale and discontinued transactions". As at 31 December 2020, the assets amounted to EUR 828 million and the liabilities to EUR 837 million. Assets held for sale and liabilities associated with assets held for sale have been derecognised in the first half of 2021 following the signing of the agreement to purchase the investment in BICC on 15 February 2021 and the consequent deconsolidation of the company as indicated above, and from that moment onwards an interest is recorded using the equity method, the carrying amount of which at 30 June 2021 amounts to EUR nil and which is classified under non-current assets held for sale. In the period up to 30 June 2021, Cimic paid AUD 33.5

million (EUR 19.8 million) for financial sureties and other expenses already recorded under liabilities on the financial statement since the year closed 31 December 2019.

The profit after tax from discontinued transactions was EUR nil in the first half of 2021 (EUR 16 million in the first six months of 2020), as the risks associated with the investment had already been recognised in previous years. Consequently, in the first six months of 2021, the deconsolidation has not had any significant impact on the results.

Industrial Services

On 31 March 2021, the ACS Group and Vinci signed a binding agreement for the sale and purchase of the majority of the ACS Group's Industrial Services Division. The perimeter of the transaction includes, in addition to the engineering and construction activities, the stakes in eight concessions, or PPPs, of mainly energy projects as well as the development platform for new projects in the renewable energy sector. ACS will retain mainly Zero-e and fifteen concessions whose carve out process will be carried out prior to the completion of the sale.

The consideration agreed in the transaction breaks down as follows:

- Upon completion of the sale, ACS will receive a minimum of EUR 4,930 million and a maximum of EUR 4,980 million. This payment is made up of a fixed payment of EUR 4,200 million and an additional payment of a minimum of EUR 730 million and a maximum of EUR 780 million, mainly as compensation for the company's cash, the exact amount of which will be defined according to the results of the perimeter sold at the date the sale is completed.
- A maximum variable payment of EUR 600 million in cash at a rate of EUR 20 million for each half GW developed by the Industrial Services Division (up to Ready To Build status) between 31 March 2021 and 7 years following the completion of the sale, extendable for an additional 18 months if the Industrial Services Division sold fails to develop 6 GW in the first 42 months.
- In addition, both parties have agreed to create a joint venture to which all the renewable assets to be developed by the Industrial Services Division under the agreement will be contributed, at market price and once they are completed, connected to the grid and ready to produce, at least eight and a half years after the completion of the sale. Vinci will hold 51% of the voting and economic rights and ACS will hold the remaining 49% of this company, which is an essential element of the transaction's value creation for the ACS Group.

As is customary in this type of transaction, its completion is conditional, as a condition precedent, on obtaining all the necessary authorisations, particularly in terms of competition. In addition, as a result of the signing of this sale agreement, in addition to defining the price of the transaction and the form of payment of the consideration, the scope of the companies to be included in the scope of the sale has been finalised, and an assessment has been made of the outstanding authorisations, concluding that it is highly probable that these will be obtained, and they are classified as non-substantive conditions from an accounting point of view, which is why the Group has classified the assets and liabilities associated with Industrial Services as non-current assets and liabilities held for sale and its operations as discontinued operations.

Pursuant to IFRS 5, whereas the "carrying amount will be recovered primarily through a sale transaction, rather than through continuing use" because the signing of the binding agreement is a commitment for both parties once an agreement has been reached on the most relevant aspects of the transaction, such as the economic terms of the transaction, rather than a mere non-binding offer as it was up to the time of signing, which is why the assets and liabilities associated with the majority of the Industrial Services division have been classified as non-current assets and liabilities held for sale. Given the size of the Industrial Services activity being sold, which basically represents all of ACS's transactions and cash flows in this activity and that can be distinguished from the rest of the Group's transactions, it is concluded that the scope of Industrial Services being sold to Vinci should be recorded as a discontinued operation or discontinued activity at 30 June 2021 on the ACS Group's income statement in 2021 under the heading "Profit after tax from discontinued operations". This means that the comparative results of the previous year must be

reclassified in the same way, to be shown as well, in a separate line on the ACS Group's income statement at 30 June 2020.

01.05. Materiality

In accordance with IAS 34, in deciding the information to be disclosed on the various items in the financial statements or other matters in the explanatory notes to the financial statements, the Group took into account their materiality in relation to the Condensed Consolidated Half-yearly Financial Statement.

01.06. Events after the reporting period

On 9 June 2021, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the first execution of the capital increase with a charge to reserves approved by the Ordinary General Shareholders Meeting held on 7 May 2021. The purpose of the transaction is to implement a flexible formula for shareholder remuneration ("optional dividend"), so that shareholders may choose to continue to receive cash remuneration or to receive new shares in the Company.

Furthermore, the Company agreed to carry out the first execution of the reduction of the share capital by amortization of its treasury shares approved at the same General Shareholders' Meeting for a maximum amount equal to the amount in which the share capital is actually increased as a result of the first execution of the capital increase referred to in the previous paragraph.

The maximum number of new shares to be issued in the first execution of the capital increase with a charge to reserves resolved by the General Meeting held on 7 May 2021 (through which an optional dividend in shares or cash is instrumented) was set at 16,350,768 shares on 17 June 2021.

The price at which ACS, Actividades de Construcción y Servicios, S.A. agreed to purchase the free-of-charge allocation rights corresponding to the first execution of the capital increase from its shareholders was set at a fixed gross amount of EUR 1.270 per right.

After the negotiation period for the free allocation rights corresponding to the first released capital increase, the irrevocable commitment to purchase of rights assumed by ACS was accepted by the holders of 40.06% of the free allocation rights. After the decision-making period granted to the shareholders had elapsed, in July 2021 the following events took place:

- The dividend was determined to be a total gross amount of EUR 158,072,277.20 (EUR 1.270 per share) and was paid on 8 July 2021.
- The number of final shares subject to the capital increase was 8,329,558 for a nominal amount of EUR 4,164,779, which were redeemed simultaneously for the same amount. (see Note 08.02).

01.07. Consolidated Statement of Cash Flows

The breakdown of the heading "Other adjustments to profit (net)" of the consolidated statement of cash flows for the six-month period ended 30 June 2021 and 30 June 2020 is as follows:

| | Thousands of Euros | |
|---|--------------------|------------------|
| | 30/06/2021 | 30/06/2020 (*) |
| Financial income | (69,843) | (83,384) |
| Financial costs | 185,424 | 199,300 |
| Impairment and gains or losses on disposals of non-current assets | (48,406) | (26,118) |
| Ordinary results of companies accounted for using the equity method | (136,730) | (15,222) |
| Non-ordinary results of companies accounted for using the equity method | (2,061) | (3,886) |
| Impairment and gains or losses on disposal of financial instruments | (12,521) | (116,086) |
| Changes in the fair value of financial instruments | 129,443 | 77,980 |
| Cash Flows from discontinued operatong | 267,931 | 389,343 |
| Other effects | (80,009) | 27,880 |
| Total | 233,228 | 449,807 |

(*) Restated unaudited.

The breakdown of the heading "Interest received" of the consolidated statement of cash flows for the six-month period ended 30 June 2021 and 30 June 2020 is as follows:

| | Thousands of Euros | |
|--------------------------------------|--------------------|---------------|
| | 30/06/2021 | 30/06/2020 |
| Operative interest received | 60,108 | 63,612 |
| Interest received from bank accounts | 2,755 | 11,090 |
| Other non-operative | 10,002 | 3,213 |
| Total | 72,865 | 77,915 |

In preparing the consolidated statement of cash flows for the first half of 2021 and 2020, under the section on cash flows from financing activities, "Equity instruments proceeds / payment" includes, the acquisitions of ACS treasury shares (see Note 08.02). Moreover, in the first semester of 2020, this heading includes the acquisition of shares of treasury stock of Hochtief (EUR 104.6 million), and also the acquisition of Cimic shares by Hochtief (EUR 102.2 million) and the treasury stock itself acquired by Cimic (EUR 87.3 million).

In relation to the investee BIC Contracting LLC (BICC), in the first half of 2021, EUR 19.8 million (first half of 2020: EUR 809.3 million) were included as a cash outflow under "Other financial activity proceeds and payables" in the cash flow statement, due to the obligations taken on in 2019 after the exit from BICC.

In relation to cash flows, in accordance with IFRS 16.50, cash payments for the interest portion of the lease liability are still classified as financing activities by applying the same alternative as permitted by IAS 7.33 Cash Flow Statement in force for financial interests.

In relation to cash flows in investments in property, plant and equipment, intangible assets, projects and real estate investments made in the year, the investments that are operational investments must be distinguished from those that are not. The detail is as follows:

| | Thousands of Euros | |
|---|--------------------|-----------------|
| | First half 2021 | First half 2020 |
| Operational Investments (*) | 81,310 | 290,625 |
| Operational investments discontinued operations | 20,447 | — |
| Operational Investments | 101,757 | 290,625 |
| - Kinkardine Floating Offshore Wind Project in Scotland | 35,430 | 79,524 |
| - Central Solar Termoeléctrica Cáceres | 4,984 | 4,443 |
| - Wind Farms Projects in Spain | — | 13,210 |
| - Other projects | 10,902 | 72,907 |
| -Other projects discontinued operations | 70,070 | — |
| Investments in Projects | 121,386 | 170,084 |
| Investment in tangible assets, intangible assets, projects and real estate investments | 223,143 | 460,709 |

(*) As of June 2020, the investment in Thies remains unchanged as it was still fully consolidated at that date.

The reconciliation of the carrying amount of the liabilities arising from financing activities, separately distinguishing the changes that generate cash flows from those that do not for the first half of 2021 and for the first half of 2020, are as follows:

| | Thousands of Euros | |
|---|--------------------|--------------------|
| | 30/06/2021 | 30/06/2020 |
| Initial net debt (Note 10.03) | (1,819,771) | (1,019,404) |
| Cash flows | | |
| Issue of financial liabilities | (2,905,385) | (6,484,721) |
| Amortization of financial liabilities | 2,716,020 | 3,588,207 |
| Cash and cash equivalents | (1,872,114) | 455,447 |
| No Impact of Flows | | |
| Change in net debt held for sale (Note 01.04) | (396,331) | 208,609 |
| Exchange difference | 78,281 | (15,171) |
| Reclassifications | 189,818 | 515,562 |
| Change in the scope of consolidation and others | 1,033,510 | (139,679) |
| Final net debt (Note 10.03) | (2,975,972) | (2,891,150) |

The changes in the consolidation perimeter correspond mainly to the change in cash flow due to the classification as non-current assets held for sale and discontinued operations of almost the entire Industrial activity (see Note 01.04.02).

01.08. Changes in the scope of consolidation

The main changes in the scope of consolidation of the ACS Group (consisting of ACS, Actividades de Construcción y Servicios, S.A. and its subsidiaries) during the six-month period ended 30 June 2021 are detailed in Appendix I.

Aquisitions, sales and other corporate transactions

Acquisitions

Of note in the first six months of 2021 was the acquisition of a 5% stake in Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V., which is classified as Non-Current Assets Held for Sale (see Note 01.04.01).

During 2020, the holding in Hochtief and Cimic increased through the investments made and the treasury stock programs approved by these companies. Indeed, the holding in Hochtief increased from 50.4% at 31 December 2019 to 52.2% at 31 December 2020, due to the purchase of treasury stock by Hochtief. Hochtief also bought 8,962,059 Cimic shares in 2020. Meanwhile, Cimic purchased shares in treasury stock in the same period. The two transactions have increased Hochtief's stake in Cimic from 72.8% at 31 December 2019 to 78.6% at 31 December 2020.

In addition, during 2020, the remaining stake in Tonopah Solar Energy was acquired and is now fully consolidated in the ACS Group's Consolidated Annual Accounts.

Sales

In the first six months of 2021, the sale of the 50% stake in the Transmissora José Maria de Macedo de Electricidade, S.A. transmission line and 50% of Brilhante Transmissora de Energias in Brazil and the entire Parque Eólico Las Tadeas, S.L. (see Note 16).

On 30 June 2021 ACS, Actividades de Construcción y Servicios, S.A., through its subsidiary Vías y Construcciones, S.A., sold its shares representing the entire share capital of Continental Rail, S.A.U. to the French CMA CGM Group for a company value of EUR 19.9 million and with capital gains of EUR 14.8 million (see Note 16).

In December 2020, the Group entered into an agreement with funds advised by Elliott for the acquisition by Elliott of a 50% stake in the share capital of Thiess, with the transaction being completed on 31 December 2020. The terms of the sale agreement mean that the ACS Group no longer controls Thiess, but controls it jointly with Elliott and, accordingly, the ACS Group derecognised the assets and liabilities of Thiess in the Consolidated Financial Statements, and the remaining 50% stake retained with joint control with Elliott at 31 December 2020 was re-recognised at fair value based on the sale price.

The sale was accounted for under the requirements of IFRS 10 as follows: the total consideration receivable net of transaction costs was EUR 1,980.9 million (AUD 3,148.8 million) comprising: cash consideration of AUD 2,016.8 million and non-cash consideration of AUD 1,132.0 million (fair value of the 50% retained interest) less the carrying value of the net assets of Thiess of EUR 833 million which includes the derecognition of the portion allocated to the intangible assets from the first consolidation of Hochtief (PPA or "Purchase Price Allocation") as well as the portion of the Goodwill allocated to those assets in the amount of EUR 244.7 million (see Note 02.01), and the recycling of reserves of EUR 36.8 million, resulting in a pre-tax profit of EUR 1,111 million, which was recognised in 2020 under "Impairment and gains on the disposal of non-current assets" in the consolidated income statement. The detail as at 31 December 2020 was as follows:

| | Millions of Euros |
|--|-------------------|
| | 31/12/2020 |

Gain on disposal

| | |
|---|--------------|
| Total cash consideration | 1,432 |
| Non-cash consideration | 712 |
| Carrying amount on disposal | (833) |
| Recycling of reserves | (37) |
| Gain of disposal of controlled entities before tax | 1,274 |
| Transaction costs | (163) |
| Net gain on disposal of controlled entities before tax | 1,111 |

Carrying value of assets and liabilities of entities and businesses disposed

| | |
|---|------------|
| Cash and cash equivalents | 80 |
| Trade and other receivables | 521 |
| Inventories: consumables and development properties | 86 |
| Deferred tax assets | 36 |
| Property, plant and equipment | 791 |
| Intangibles | 108 |
| Goodwill (see Note 04.01) | 245 |
| Trade and other payables | (617) |
| Provisions | (91) |
| Lease liabilities | (305) |
| Deferred tax liabilities | (8) |
| Non-controlling interest | (13) |
| Net assets disposed | 833 |

Cash flow resulting from sale

| | |
|---|--------------|
| Cash consideration net of transaction costs (*) | 1,399 |
| Cash disposed | (80) |
| Net cash outflow | 1,319 |

(*) As at December 31, 2020 certain transaction costs remain unpaid which are accrued in the trade and other payables balance.

The portion of this result attributable to the recognition of the retained investment in the former subsidiary at their fair values was EUR 712.1 million (AUD 1,132.0 million) (see Note 05); the portion of this result attributable to the investment in the former subsidiary disposed of was EUR 712.1 million (AUD 1,132.0 million). Thiess' contribution from 1 January 2020 to 31 December 2020 to the Group's revenue was EUR 2,177 million and EUR 261 million to the Group's net profit after tax and minority interests. The breakdown of the results and of the effect on Thiess' cash flows was as follows:

| | Millions of Euros |
|--|-------------------|
| | 31/12/2020 |
| Revenue | 2,177 |
| Expenses | (1,842) |
| Net finance costs | (17) |
| Share of profits/(losses) of associates and joint ventures entities | 1 |
| Profit/(loss) before tax before gain/(loss) on sale of Thiess | 319 |
| Gain/(loss) on sale of assets from Thiess | 1,111 |
| Profit/(loss) before tax | 1,430 |
| Income tax (expense)/benefit from Thiess before gain on sale of assets | (80) |
| Income tax (expense)/benefit on gain on sale of assets | (383) |
| Income tax (expense)/benefit from Thiess | (463) |
| Profit/(loss) for the year from Thiess | 967 |
| Profit attributed to non-controlling interests | (706) |
| Profit attributable to the shareholders of parent entity | 261 |

| | Millions of Euros |
|--|-------------------|
| | 31/12/2020 |
| Net cash from/(used in) operating activities | 69 |
| Net cash from/(used in) investing activities | (245) |
| Net cash from/(used in) financing activities | 135 |
| Net cash flow for the year | (41) |

On 28 April, 2020, the Group sold 74%, through Iridium Concesiones de Infraestructuras, S.A., of its stake in a company that held all of the shares that the Group had in six shadow toll concessions. These concessions were: In Catalonia, Eix Diagonal and Reus-Alcover; in Castilla La Mancha, Autovía de la Mancha; in Castilla y León, Autovía de los Pinares; in Navarre, Autovía del Pirineo; and in Galicia, Santiago-Brion. They were sold to the Hermes Infrastructure fund. Iridium, in addition to maintaining the remaining 26% stake, will continue the management and operation of the assets, through operating and maintenance contracts and service contracts with a very significant presence in the management bodies of the companies and in the day-to-day management of the concessions. The operation was carried out with an enterprise value (100%) of EUR 950 million and with a capital gain of 74% of the amount transferred of EUR 40 million, part of which was collected in the financial year 2019 (see Note 01.04.01).

During the month of January 2020, an agreement was reached for the sale of the 50.1% that the Group still held at 31 December 2019 in Zero-E Euro Assets, S.A. as well as the sale of other photovoltaic energy projects also in Spain (see Note 01.04.01). This agreement was amended in July 2020 with the creation of an entity (Joint Venture) which encompassed the projects already in operation and an initial package of those under development. Galp acquired 75.01% of it, for between EUR 300 and 350 million, and the ACS Group maintains an interest of 24.99%, with a joint control governance structure. The remaining projects will be gradually included in the Joint Venture.

On 15 September 2020, an agreement was reached with the Galp Energía Group (Galp) for the sale of shares representing 75% of the share capital of the company, which focuses its efforts on photovoltaic energy projects in Spain, both those currently in operation and those expected to be developed and brought into operation during this year 2020 and until 2023, with a total installed capacity of 2,930 MW and an initial outlay by Galp of EUR 325 million.

The total enterprise value, once all the projects are completed, is estimated at around EUR 2,200 million, generating total net profits for the Group of approximately EUR 330 million, EUR 250 million of which was earned in the 2019 financial year.

01.09. Currency

The euro is the currency in which the Condensed Consolidated Half-yearly Financial Statements are presented. Details of sales in the main countries in which the Group operates are set out in Note 13.

01.10. Dividends paid by the Parent Company

On 11 January 2021, ACS, Actividades de Construcción y Servicios, S.A. made the decision to carry out the second execution of the capital increase with a charge to share premium approved by the Ordinary General Shareholders Meeting held on 8 May 2020. The purpose of the transaction is to implement a flexible formula for shareholder remuneration ("optional dividend"), so that shareholders may choose to continue to receive cash remuneration or to receive new shares in the Company.

Furthermore, the Company agreed to carry out the second execution of the reduction of the share capital by amortization of its treasury shares approved at the same General Shareholders' Meeting for a maximum amount equal to the amount in which the share capital is actually increased as a result of the second execution of the capital increase referred to in the previous paragraph.

The maximum number of new shares to be issued in the second execution of the capital increase with a charge to reserves resolved by the General Meeting held on 8 May 2020 (through which an optional dividend in shares or cash is instrumented) was set at 4,931,184 on 19 January 2021.

The price at which ACS, Actividades de Construcción y Servicios, S.A. agreed to purchase the free-of-charge allocation rights corresponding to the second execution of the capital increase from its shareholders was set at a fixed gross amount of EUR 0.452 per right.

After the negotiation period for the free allocation rights corresponding to the second released capital increase, the irrevocable commitment to purchase of rights assumed by ACS was accepted by the holders of 39.68% of the free allocation rights. After the decision-making period granted to the shareholders had elapsed, in February 2021 the following events took place:

- The dividend was determined to be a total gross amount of EUR 55,716,280.82 (EUR 0.452 per share) and was paid on 9 February 2021.
- The number of final shares subject to the capital increase was 2,568,165 for a nominal amount of EUR 1,284,082.50, which were redeemed simultaneously for the same amount.

On 4 February 2020, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the first execution of the capital increase with a charge to reserves approved by the Ordinary General Shareholders Meeting held on 10 May 2019. The purpose of the transaction is to implement a flexible formula for shareholder remuneration ("optional dividend"), so that shareholders may choose to continue to receive cash remuneration or to receive new shares in the Company.

After the negotiation period for the free allocation rights corresponding to the second released capital increase, the irrevocable commitment to purchase of rights assumed by ACS was accepted by the holders of 34.37% of the free allocation rights. After the decision-making period granted to the shareholders had elapsed, in March 2020 the following events took place:

- The dividend was determined to be a total gross amount of EUR 48,561,684.35 (EUR 0.449 per share) and was paid on 5 March 2020.
- The number of final shares subject to the capital increase was 2,899,168 for a nominal amount of EUR 1,449,584, which were redeemed simultaneously for the same amount.

In addition, as a result of the resolution passed by the shareholders at the General Shareholders' Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 7 May 2020, the Parent Company resolved on 9 June 2021 to carry out the first capital increase, establishing the maximum reference value at EUR 426 million with a charge to the Company's reserves in order for the shareholders to be able to choose whether they wish to be compensated in cash or in the Company's shares.

After the decision-making period granted to the shareholders, on 7 July 2020 the dividend was determined at a total gross amount of EUR 158,072,277.20 and was paid on 9 July. The ACS Group recognised under "Other current liabilities" in the accompanying consolidated financial position statement at 30 June 2021 the maximum amount of the potential liability at that date for 100% of the fair value of the approved dividend, which amounted to EUR 359,065 thousand, although the final amount was EUR 158,072 thousand. For this reason, EUR 200,993 thousand were reversed after 30 June 2021 in the ACS Group's equity.

01.11. Earnings per share from ordinary activities and discontinued operations

01.11.01. Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the Group by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held in the year.

Accordingly:

| | 30/06/2021 | 30/06/2020 (*) | Change (%) |
|--|-------------|------------------|-------------|
| Net profit for the period (Thousands of Euros) | 351,118 | 361,026 | (2.74) |
| Weighted average number of shares outstanding | 284,998,076 | 298,229,340 | (4.44) |
| Basic earnings per share (Euros) | 1.23 | 1.21 | 1.65 |
| Diluted earnings per share (Euros) | 1.23 | 1.21 | 1.65 |
| Profit after tax and non-controlling interests from discontinued operations (Thousands of Euros) | 215,367 | 230,626 | (6.62) |
| Basic earnings per share from discontinued operations (Euros) | 0.76 | 0.77 | (1.30) |
| Basic earnings per share from continuing operations (Euros) | 0.48 | 0.44 | 9.09 |
| Diluted earnings per share from discontinued operations (Euros) | 0.76 | 0.77 | (1.30) |
| Diluted earnings per share from continuing operations (Euros) | 0.48 | 0.44 | 9.09 |

(*) Restated unaudited.

| | Number of shares | |
|--|------------------|--------------|
| | 30/06/2021 | 30/06/2020 |
| Common shares outstanding at 01 January | 285,059,953 | 303,278,348 |
| Effect of own shares | (3,528,798) | (13,726,333) |
| Effect of shares issued | 2,568,165 | 2,899,168 |
| Effect of redeemed shares | (2,568,165) | (2,899,168) |
| Common shares outstanding at 30 June | 281,531,155 | 289,552,015 |
| Weighted average number of shares outstanding at 30 June | 284,998,076 | 298,229,340 |

01.11.02. Diluted earnings per share

In calculating diluted earnings per share, the amount of profit attributable to ordinary shareholders and the weighted average number of shares outstanding, net of treasury shares, are adjusted to take into account all the dilutive effects inherent to potential ordinary shares (share options, warrants and convertible debt instruments). For these purposes, it is considered that the shares are converted at the beginning of the year

or at the date of issue of the potential ordinary shares, if the latter were issued during the current period. The ACS stock option plan currently in force (Note 20.03) does not involve the issuance of new shares in the future and, therefore, does not affect diluted earnings per share. At 30 June 2021, as a result of the simultaneous share capital increase and reduction in June 2021 for the same number of shares, the basic earnings and diluted earnings per share for continuing operations for the first half of 2021 is the same.

01.12. Seasonal nature of Group transactions

Given the activities carried on by the Group companies and their geographical diversity, their transactions do not have particularly a cyclical or seasonal nature. This is why no specific breakdowns on the seasonal nature of the Group's activities are included in these explanatory notes to the Condensed Consolidated Half-yearly Financial Statements for the six-month period ended 30 June 2021.

02. Intangible assets

02.01. Goodwill

The breakdown of the goodwill, based on the companies giving rise thereto, is as follows:

| | Thousands of Euros | |
|---------------------|-----------------------|-----------------------|
| | Balance at 30/06/2021 | Balance at 31/12/2020 |
| Parent | 554,420 | 743,140 |
| Infrastructure | 1,946,872 | 1,934,814 |
| Industrial Services | — | 44,181 |
| Services | 148,125 | 140,918 |
| Total | 2,649,417 | 2,863,053 |

In accordance with the table above, the most significant goodwill is the result of the full consolidation of Hochtief, A.G. amounting to EUR 1,144,226 thousand as at 30 June 2021 (EUR 1,144,226 thousand as at 31 December 2020) and the goodwill resulting from the merger of the Parent Company with Grupo Dragados, S.A. amounting to EUR 554,420 thousand (EUR 743,140 thousand as at 31 December 2020).

During the first six months of 2021, the most relevant variation corresponded to the reclassification as non-current assets held for sale of goodwill retained in the Parent Company linked to the Industrial Services activity subject to the agreement with Vinci in the amount of EUR 188,720 thousand. An additional reclassification has been made to non-current assets held for sale for goodwill from the Industrial Services division itself. In 2020, the most relevant variation corresponded to a reduction in the amount of EUR 244,675 thousand produced by the loss of control in December 2020 due to the sale of 50% of the share capital of Thiess and the joint control agreement with Elliott (see Note 01.08). This company was fully consolidated and, therefore, on deconsolidating all the assets and liabilities of this company, the portion of the value corresponding to Thiess of the goodwill assigned to the business performed in Hochtief Asia Pacific that remained recognised was derecognised.

In the case of goodwill, as a general rule, each year at 30 September, the ACS Group compares the carrying amount of the cash-generating company or unit (CGE) with the value in use obtained by the cash-flow discount valuation method. In this regard, and given the substantial improvement in the pandemic situation caused by COVID-19, no indications of impairment were detected during the six months of 2021, and the Group will therefore restate them at 30 September in accordance with its accounting policy. There have been no significant variations in the assumptions used in the impairment tests on the Group's goodwill that could represent a significant risk of recognition of impairment in future. It should be noted that the market value of the holding in Hochtief is higher than its book value.

In the first six months of 2021, there were no impairment losses on the ACS Group's goodwill. In 2020, no impairment losses were recorded in relation to the ACS Group's goodwill.

02.02. Other intangible assets

Additions in the first half of 2021 amounted to EUR 5,866 thousand (EUR 51,617 thousand in the first half of 2020) mainly relating to Hochtief in the amount of EUR 4,796 thousand (EUR 8,020 thousand in the first half of 2020), to Services in the amount of EUR 807 thousand (EUR 429 thousand in the first half of 2020) and to Dragados in the amount of EUR 224 thousand (EUR 274 thousand in the first half of 2020). In Industrial Services, no additions have been made under this heading, mainly due to its consideration as a discontinued operation (EUR 42,812 thousand in the first half of 2020). As a consequence of the sale of Thiess, intangible assets in the amount of EUR 104 million were derecognised as at 31 December 2020.

Impairment losses of items classified as "Other intangible assets" in the amount of EUR 337 thousand (the first half of 2020: EUR 654 thousand) were recognised in the first half of 2021. Losses of value have not been carried forward to the consolidated income statements for the first half of 2021 and 2020.

03. Tangible assets – property, plant and equipment

The most notable change under this heading came from the classification of the Industrial Services division as a suspended activity and the reclassification of its property, plant and equipment as non-current assets held for sale after the agreement reached with Vinci (see Note 01.04.02).

During the first six months of 2021 and 2020, items of property, plant and equipment were acquired for EUR 183,918 and EUR 424,863 thousand, respectively. In accordance with IFRS 16, the rights to use the leased assets were included under this heading.

In the first half of 2021, the most noteworthy acquisitions are mainly in the Infrastructure area of EUR 134,007 thousand, mainly in investments made by Hochtief amounting to EUR 89,076 thousand (in particular, tunnelling machines and mining equipment), to Dragados for EUR 41,940 thousand, and the Services area for EUR 16,526 thousand mainly to buy new machinery and equipment to carry out new projects, and to the Services area, amounting to EUR 33,362 thousand, mainly for the acquisition of machinery and industrial vehicles.

In the first half of 2020, the most noteworthy acquisitions are mainly in the Infrastructure area of EUR 326,879 thousand, mainly in investments made by Hochtief amounting to EUR 271,564 thousand (in particular, tunnelling machines and mining equipment), to Dragados for EUR 54,809 thousand, and the Services area for EUR 68,288 thousand mainly to buy new machinery and equipment to carry out new projects, and to the Services area, amounting to EUR 29,599 thousand, mainly for the acquisition of machinery and industrial vehicles.

Similarly, assets were also sold in the first half of 2021 and 2020 for a total carrying amount of EUR 14,292 and 28,599 thousand respectively, which have had a residual impact on the Group's income statement. The most significant disposals in the first half of 2021 mainly relate to the sale of Hochtief machinery in the amount of EUR 5,655 thousand (EUR 7,134 thousand in the first half of 2020) and the sale of Servicios Industriales machinery in the amount of EUR 4,583 thousand (EUR 6,362 thousand in the first half of 2020).

As at 30 June 2021, the Group has entered into contractual commitments for the future acquisition of property, plant and equipment in the amount of EUR 18,181 thousand (31 December 2020: EUR 50,667 thousand) which mainly relate to investment commitments in machinery by Dragados in the amount of EUR 16,892 thousand (31 December 2020: EUR 2,411 thousand) and in technical installations by Hochtief in the amount of EUR 1,218 thousand (31 December 2020: EUR 46,931 thousand).

The impairment losses recognised in the consolidated income statement in the first half of 2021 and 2020 were not significant. Similarly, no impairment losses were reversed and recognised in the consolidated income statement for the first half of 2021 and 2020.

Leases

At 30 June 2021, EUR 464,303 thousand (31 December 2020: EUR 572,885 thousand) of net "Right-of-use assets" under IFRS 16 "Leases" were recognised under "Tangible assets - Property, Plant and Equipment" in the consolidated statement of financial position. The detail of the deferred tax assets at 30 June 2021 and 31 December 2020 is as follows:

| | Thousands of Euros | |
|--|-----------------------|-----------------------|
| | Balance at 30/06/2021 | Balance at 31/12/2020 |
| Land and buildings | 899,863 | 985,742 |
| Plant and machinery | 123,179 | 151,317 |
| Other intangible assets | 155,276 | 194,871 |
| Total tangible assets - property, plant and equipment | 1,178,318 | 1,331,930 |
| Accumulated depreciation | (713,845) | (758,915) |
| Impairment losses | (170) | (130) |
| Total net tangible assets - property, plant and equipment | 464,303 | 572,885 |

The change in "Right-of-use assets" in the first half of 2021 is mainly due to considering the activity discontinued and reclassifying these assets of the Industrial Services division as non-current assets held for sale after the agreement reached with Vinci (see Note 01.04.02). Also of note were the additions in the Infrastructures division amounting to EUR 57,445 thousand (EUR 110,348 thousand in 2020), including most notably the investments made by Hochtief amounting to EUR 45,031 thousand (EUR 87,088 thousand in 2020). In relation to disposals, of note is the net change in the scope of consolidation amounting to EUR 86,386 thousand, mainly due to consideration of the Industrial Services activity as a discontinued activity.

The depreciation and amortisation relating to the right to use the assets recognised under IFRS 16 "Leases" in the first half of 2021 amounted to EUR 91,546 thousand (EUR 157,196 thousand in 2020) and the recognition of interest on the lease obligation amounted to EUR 12,097 thousand in the first half of 2021 (EUR 16,463 thousand in the first half of 2020) included in the consolidated income statement.

The "Long term lease liabilities" and the "Short term lease liabilities" associated with these "rights-of-use assets" as at 30 June 2021 are respectively EUR 393,578 and EUR 155,843 thousand (EUR 472,836 and EUR 192,173 thousand as at 31 December 2020, respectively).

Variable lease payments were not material at 31 December 2021 and 31 December 2020.

Sublease income is not significant since the ACS Group companies operate on a lessee rather than a lessor basis.

There are assets leased under short-term or low-value leases that do not apply IFRS 16 "Leases" since there are very short-term leases, generally of three to six months' duration, or ongoing monthly agreements or contracts with termination clauses throughout the Group. For each lease, it is analysed and evaluated whether or not it is reasonably safe to extend the lease. Within its considerations is included an assessment of the requirements of the asset in the project, the scope of the work that is to be carried out with this asset, and other relevant economic questions to evaluate adequately the duration of the same. At 30 June 2021, the accrued amounts of EUR 107,288 thousand (30 June 2020: EUR 118,786 thousand) on the aforementioned assets were recognised under "Other operating expenses" in the consolidated income statement as an expense. As indicated in Note 01.01.03, the construction business and the industrial services business had a moderate or limited impact as a result of the COVID-19 pandemic, so the existence of a potential impairment loss on the assets in this category was not considered.

04. Non-current assets in projects

The balance of “Non-current assets in projects” in the consolidated financial statement at 30 June 2021, includes the costs incurred by the fully consolidated companies in the construction of transport infrastructure, services and power generation centres whose operation forms the subject matter of their respective concessions. These amounts relate to property, plant and equipment associated with projects financed under a project finance arrangement and concessions identified as intangible assets or those that are included as a financial asset according to the criteria discussed in Note 03.04 of the Consolidated Annual Accounts at 31 December 2020. To better understand its activities relating to infrastructure projects, the Group considers it more appropriate to present its infrastructure projects in a grouped manner, although they are broken down by type of asset (financial or intangible) in this Note.

The most relevant change under this heading was the classification of the Industrial Services division as a discontinued activity and the subsequent reclassification of its assets as non-current assets held for sale after the agreement reached with Vinci (see Note 01.04.02).

All the project investments made by the ACS Group at 30 June 2021 are as follows:

| Type of infrastructure | End date of operation | Thousands of Euros | | |
|------------------------|-----------------------|--------------------|--------------------------|---|
| | | Investment | Accumulated depreciation | Carrying amount of non-current assets in projects |
| Highways / roads | 2026 | 181,914 | (108,605) | 73,309 |
| Other infrastructures | — | 6,014 | (222) | 5,792 |
| Total | | 187,928 | (108,827) | 79,101 |

The breakdown of this heading by type, in accordance with IFRIC 12, is as follows:

- The concession assets identified as intangible assets, as a result of the Group assuming demand risk, at 30 June 2021 are as follows:

| Type of infrastructure | End date of operation | Thousands of Euros | | |
|------------------------|-----------------------|--------------------|--------------------------|---|
| | | Investment | Accumulated depreciation | Carrying amount of non-current assets in projects |
| Highways / roads | 2026 | 181,873 | (108,568) | 73,305 |
| Other infrastructures | - | 1,734 | (222) | 1,512 |
| Total | | 183,607 | (108,790) | 74,817 |

- The concession assets identified as financial assets, as a result of the Group not assuming demand risk at 30 June 2021, are as follows:

| Type of infrastructure | End date of operation | Thousands of Euros |
|------------------------|-----------------------|--|
| | | Collection rights arising from concession arrangements |
| Other infrastructures | — | 4,278 |
| Total | | 4,278 |

- The detail of the financial assets financed under a project finance arrangement that do not meet the requirements for recognition in accordance with IFRIC 12 at 30 June 2021 are as follows:

| Type of infrastructure | End date of operation | Thousands of Euros | | |
|------------------------|-----------------------|--------------------|--------------------------|---|
| | | Investment | Accumulated depreciation | Carrying amount of non-current assets in projects |
| Highways / roads | 2026 | 41 | (37) | 4 |
| Other infrastructures | - | 2 | — | 2 |
| Total | | 43 | (37) | 6 |

Simultaneously, there are concession assets that are not financed by project finance amounting to EUR 10,702 thousand (EUR 43,254 thousand at 31 December 2020) which are recognised as "Other intangible assets".

During the six months of 2021, no investments were made in projects. In the first half of 2020, the main investments in projects corresponded to the Industrial Services division in an amount of EUR 12,569 thousand invested mainly in desalination plants.

In the first half of 2021 and 2020, there were no significant variations in the consolidation perimeter.

In the first half of 2021, the main variation occurred in the Industrial Services division due to its classification as a discontinued activity and the subsequent reclassification of its assets as non-current assets held for sale. There were no significant divestments during the first half of 2020.

In the first half of 2021 and 2020, no impairment losses were recognised in the consolidated income statement. Similarly, no significant impairment losses were reversed and recognised in the consolidated income statement for 2021 and 2020.

At 30 June 2021 and 31 December 2020, the Group had not formalised any significant contractual commitments for the acquisitions in non-current assets in projects.

The financing relating to non-current assets in projects is explained in Note 10. The concession operators are also obliged to hold restricted cash reserves, known as reserve accounts, included under "Other current financial assets."

Lastly, it should be noted that the Group has non-current assets in projects classified under "Non-current assets held for sale and discontinued transactions" (see Note 01.04).

05. Investments in companies accounted for using the equity method

The detail, by line of business, of the investments in companies accounted for by the equity method at 30 June 2021 and 31 December 2020, is as follows:

| Line of Business | Thousands of Euros | | | | | |
|-------------------------------|---------------------|----------------------------|-----------------------|---------------------|------------------------------|-----------------------|
| | 30/06/2021 | | | 31/12/2020 | | |
| | Share of net assets | Profit/(Loss) for the year | Total carrying amount | Share of net assets | Profit / (Loss) for the year | Total carrying amount |
| Infrastructure | 4,209,295 | 131,524 | 4,340,819 | 4,355,858 | 109,476 | 4,465,334 |
| Industrial Services | (1,852) | 1,852 | — | 33,602 | (19,240) | 14,362 |
| Corporate unit and Adjustment | (1,878) | — | (1,878) | (145) | — | (145) |
| Total | 4,205,565 | 133,376 | 4,338,941 | 4,389,315 | 90,236 | 4,479,551 |

"Ordinary results of companies accounted for using the equity method" and "Non-ordinary results of companies accounted for using the equity method" in the consolidated income statement at 30 June 2021, also includes the profit or loss from companies accounted for using the equity method and which have been classified within the "Non-current assets classified as held for sale and discontinued transactions" heading, amounting to 5,415 thousand (EUR 117,378 thousand at 31 December 2020).

– Infrastructure

At 30 June 2021 in the Infrastructures area, the most significant additions are the stake in Abertis amounting to EUR 2,671,483 thousand (EUR 2,868,396 thousand at 31 December 2020) and the remaining stakes from the Hochtief Group accounted for using the equity method, in the amount of EUR 1,336,491 thousand (31 December 2020: EUR 1,268,949 thousand), with the most significant addition in 2020 being the recognition of Thiess as a joint venture under the equity method for EUR 712 million (see Note 01.08).

The total amount of the equity-accounted interest in Abertis Holdco, S.A. in the ACS Group amounted to EUR 2,671,483 thousand (31 December 2020: EUR 2,868,396 thousand), corresponding to the 20.0% interest in Hochtief and 30.0% directly from ACS itself (both included under the Infrastructures heading). The net contribution of Abertis al Grupo ACS to the consolidated profit of the ACS Group in the first half of 2020 amounted to EUR 25,473 thousand (negative EUR 36,645 thousand in 2020 in the first half of 2020).

Joint ventures

As indicated in Note 01.08, the sale of Thiess was completed on 31 December 2020 and the ACS Group jointly controls Thiess with Elliott and therefore, at year-end 2021, the transaction was accounted for as a sale of a subsidiary in accordance with IFRS 10 and the retained interest in the entity was recognised as a joint venture as there was joint control with Elliott. Thiess is accounted for as a joint venture under the equity method for EUR 712 million (see Note 01.08).

– Industrial Services

In Industrial Services, the change in the first half of 2021 was mainly due to the consideration of this activity as a discontinued operation and its reclassification to non-current assets held for sale.

The main change in Industrial Services in 2020 corresponds to the change in the consolidation method of Tonopah Solar Energy, which became fully consolidated, and the result in the first half of 2020 of these companies.

Material associates and joint ventures

Under IFRS 12, the associates classified as material associates and joint ventures as of 30 June 2021 are Abertis Holdco, S.A. and its Subsidiaries and Thiess Joint Venture.

Abertis

The ACS Group owns 50% less one share of Abertis Holdco, S.A. The ACS Group's interest in Abertis Holdco, S.A. gives it a material influence within the meaning of IAS 28 and, therefore, Abertis is accounted for in these Condensed Consolidated Half-yearly Financial Statements as an associate using the equity method.

The table below shows the information on the companies considered material under this heading of the consolidated financial statement:

| Abertis Holdco, S. A. and Subsidiaries | Thousands of Euros | |
|---|--------------------|------------------|
| | 30/06/2021 | 31/12/2020 |
| | 100% | 100% |
| Non-current assets | 41,224,926 | 41,589,347 |
| Current assets | 6,185,446 | 4,973,427 |
| Of which: Cash and cash equivalents | 4,524,031 | 3,268,024 |
| Asset held for sale | 60,875 | 26,750 |
| Non-current liabilities | 33,142,140 | 32,845,543 |
| Of which: Financial liabilities | 26,606,795 | 26,301,003 |
| Current liabilities | 4,351,903 | 4,193,594 |
| Of which: Financial liabilities | 2,563,289 | 2,400,865 |
| Liabilities associate to assets held for sale | 5,353 | — |
| Equity | 9,971,851 | 9,550,387 |
| Non-controlling interest | 2,928,816 | 2,840,237 |
| Equity attributable to owners of the Company | 7,043,035 | 6,710,150 |
| Hybrid bond recognized in Abertis' equity | (1,952,470) | (1,225,759) |
| Equity attributable homogenized to owners of the Company | 5,090,565 | 5,484,391 |
| Group interests in net assets (50%) | 2,545,283 | 2,742,196 |
| Capitalized acquisition-related costs | 126,200 | 126,200 |
| Carrying amount of the investment | 2,671,483 | 2,868,396 |

| Abertis Holdco, S. A. and Subsidiaries | Thousands of Euros | |
|---|--------------------|------------------|
| | 30/06/2021 | 30/06/2020 |
| | 100% | 100% |
| Sales | 2,260,031 | 1,789,220 |
| Profit or loss from continuing operations | 52,694 | (161,902) |
| Post-tax profit/(loss) from discontinued operations | — | — |
| Profit/(loss) for the year | 52,694 | (161,902) |
| Non-controlling interest | (10,288) | (71,010) |
| Profit/(loss) for the year attributable to owners of the company | 62,982 | (90,892) |
| Income and expenses recognized directly in equity, after tax | 253,075 | (402,968) |
| Non-controlling interest | 115,637 | (210,969) |
| Income and expenses recognized directly in equity, after tax, attributable to owners of the company | 137,438 | (191,999) |
| Total comprehensive income | 305,769 | (564,870) |
| Non-controlling interest | 105,349 | (281,979) |
| Total comprehensive income attributable to owners of the company | 200,420 | (282,891) |
| Group share of total comprehensive income attributable to owners of the company (shareholding 50%) | 100,210 | (141,446) |
| Annual profit | 31,491 | (45,446) |
| Other comprehensive income | 68,719 | (96,000) |

In the first half of 2021, the ACS Group received dividends from Abertis Holdco, S.A. in the amount of EUR 296,845 thousand (EUR 215,963 thousand in the first half of 2020).

During the first half of 2021, and as a result of the positive evolution of traffic with increases above the forecasts on which Abertis' recoverability test was based at year-end 2020, no signs of impairment were

detected in the stake in Abertis, and therefore no impairment test was considered necessary for it. However, this test will be updated at year-end 2021, in accordance with the Group's policies.

Thiess

On 31 December 2020, the Group entered into an agreement with funds advised by Elliott for the acquisition by Elliott of a 50% stake in the share capital of Thiess. The terms of the sale agreement mean that the ACS Group no longer controls Thiess, but controls it jointly with Elliott and, accordingly, the ACS Group derecognised the assets and liabilities of Thiess in the Consolidated Annual Accounts at 31 December 2020, and the remaining 50% stake retained with joint control with Elliott was re-recognised at fair value based on the sale price.

The table below shows the information on the companies considered material joint resolutions under this heading of the consolidated financial statement:

| Thiess Joint Venture | Thousands of Euros | |
|---|--------------------|------------------|
| | 30/06/2021 | 31/12/2020 |
| | 100% | 100% |
| Cash and cash equivalents | 94,746 | 80,335 |
| Other current assets | 674,009 | 483,140 |
| Non-current assets | 2,746,122 | 2,825,994 |
| Financial current liabilities | (79,670) | (174,635) |
| Other current liabilities | (411,218) | (422,937) |
| Non-current financial liabilities | (1,282,920) | (1,145,382) |
| Other non-current liabilities | (200,847) | (208,920) |
| Net assets (100%) | 1,540,222 | 1,437,595 |
| Less: Non-controlling interest | (12,553) | (13,337) |
| Net assets attributable to members of the parent company | 1,527,669 | 1,424,258 |
| Group's share of net assets (50%) | 763,835 | 712,129 |

| Thiess Joint Venture | Thousands of Euros |
|--|-----------------------|
| | 6 months to June 2021 |
| Revenue | 1,077,695 |
| Depreciation and amortisation | (186,676) |
| Other expenses | (752,702) |
| Share of profit / (loss) of joint venture entities | — |
| Finance income | 447 |
| Finance costs | (16,971) |
| Profit/(loss) before tax | 121,793 |
| Income tax (expense) / benefit | (29,667) |
| Profit/(loss) for the period | 92,126 |
| Non-controlling interest | (2,807) |
| Profit / (loss) for the year attributable to members of the parent entity | 89,319 |
| Other comprehensive income | 11,356 |
| Total comprehensive income | 100,675 |
| Group's ownership interest | 50% |
| Group's total share of: | |
| Profit / (loss) for the period | 44,659 |
| Other comprehensive income | 5,678 |
| Total comprehensive income | 50,337 |

In the first half of 2021, the ACS Group received dividends from Thiess. Since the agreement with Elliot for the joint venture was from 31 December 2020, there is no comparative income statement with the first half of 2020.

Investments in associates, as in the previous year, are not subject to any restrictions.

06. Financial Assets

06.01. Composition and breakdown

A breakdown of the Group's financial assets at 30 June 2021 and 31 December 2020, by nature and category, is as follows:

| | Thousands of Euros | | | |
|--|--------------------|-------------------|----------------|-------------------|
| | 30/06/2021 | | 31/12/2020 | |
| | Non-Current | Current | Non-Current | Current |
| Equity instruments | 91,038 | 150,854 | 79,870 | 127,912 |
| Loans to associates | 197,854 | 372,400 | 212,755 | 111,341 |
| Other loans | 40,343 | 79,960 | 56,883 | 53,083 |
| Debt securities | 22,746 | 499,301 | 19,020 | 729,220 |
| Other financial assets | 197,303 | 333,358 | 392,028 | 333,426 |
| Long-term cash collateral deposits | — | — | 283 | — |
| Subtotal | 549,284 | 1,435,873 | 760,839 | 1,354,982 |
| Trade receivables for sales and services | — | 6,565,878 | — | 8,500,244 |
| Other receivables | — | 1,159,480 | — | 1,762,431 |
| Cash and cash equivalents | — | 6,368,103 | — | 8,080,808 |
| Total | 549,284 | 15,529,334 | 760,839 | 19,698,465 |

The classification of financial assets in accordance with the application of IFRS 9 at 30 June 2021 and 31 December 2020 is as follows:

| | Thousands of Euros | | | |
|--|---------------------|---|---|------------------|
| | Value at 30/06/2021 | Fair value with changes in profit or loss | Fair value with changes in other comprehensive income | Amortized cost |
| Non-current financial assets | 553,562 | 121,184 | — | 432,378 |
| Equity securities at long-term | 91,038 | 91,038 | — | — |
| Loans to companies at long-term | 197,854 | — | — | 197,854 |
| Loans to third parties | 40,343 | 1,076 | — | 39,267 |
| Debt securities at long-term | 22,746 | 22,746 | — | — |
| Other financial assets at long-term | 25,197 | 6,324 | — | 18,873 |
| Non-current financial assets in operating receivables | 172,106 | — | — | 172,106 |
| Concessional assets identified under the financial asset model (Note 04) | 4,278 | — | — | 4,278 |
| Other current financial assets | 1,435,873 | 300,566 | 501,827 | 633,480 |
| Equity securities at short-term | 150,854 | 24,384 | 126,470 | — |
| Loans to group and associates to short-term | 372,400 | — | — | 372,400 |
| Loans to companies at short-term | 79,960 | — | — | 79,960 |
| Debt securities at short-term | 499,301 | 65,730 | 375,357 | 58,214 |
| Other financial assets at short-term | 333,358 | 210,452 | — | 122,906 |
| Trade receivables for sales and services | 6,565,878 | — | — | 6,565,878 |
| Other receivable | 1,159,480 | — | — | 1,159,480 |
| Cash and cash equivalents | 6,368,103 | — | — | 6,368,103 |

| | Thousands of Euros | | | |
|--|---------------------|---|---|------------------|
| | Value at 31/12/2020 | Fair value with changes in profit or loss | Fair value with changes in other comprehensive income | Amortized cost |
| Non-current financial assets | 776,625 | 123,787 | — | 652,838 |
| Equity securities at long-term | 79,870 | 79,870 | — | — |
| Loans to companies at long-term | 212,755 | 2,387 | — | 210,368 |
| Loans to third parties | 56,883 | 7,592 | — | 49,291 |
| Debt securities at long-term | 19,020 | 19,020 | — | — |
| Long-term cash collateral deposits | 283 | 283 | — | — |
| Other financial assets at long-term | 58,796 | 11,886 | — | 46,910 |
| Non-current financial assets in operating receivables | 333,232 | 2,749 | — | 330,483 |
| Concessional assets identified under the financial asset model | 15,786 | — | — | 15,786 |
| Other current financial assets | 1,354,982 | 232,058 | 454,826 | 668,098 |
| Equity securities at short-term | 127,912 | 13,820 | 114,092 | — |
| Loans to group and associates to short-term | 111,341 | 14,278 | — | 97,063 |
| Other financial assets group and associated to short-term | 21 | — | — | 21 |
| Loans to companies at short-term | 53,083 | 75 | — | 53,008 |
| Debt securities at short-term | 729,220 | 58,700 | 340,734 | 329,786 |
| Other financial assets at short-term | 333,405 | 145,185 | — | 188,220 |
| Trade receivables for sales and services | 8,500,244 | — | — | 8,500,244 |
| Other receivable | 1,762,431 | — | — | 1,762,431 |
| Cash and cash equivalents | 8,080,808 | — | — | 8,080,808 |

06.02. Equity instruments

Of the non-current and current equity instruments, those from Hochtief amounting to EUR 56,862 and EUR 150,854 thousand respectively (at 31 December 2020: EUR 44,621 and EUR 127,912 thousand, respectively) relate mainly to short-term investments in securities held in special and general investment funds.

06.03. Loans to associates

At 30 June 2021, the non-current loans granted in euros included, due to their importance, the subordinated loan granted to Road Management (A13) Plc. amounting to EUR 43,847 thousand (EUR 40,409 thousand at 31 December 2020), the subordinated loan to Celtic Road Group (Portlaoise) amounting to EUR 23,233 thousand (EUR 23,233 thousand at 31 December 2020) and the participating loan granted to Gorey to Enniscorthy M11 PPP Limited amounting to EUR 13,278 thousand (EUR 13,278 thousand at 31 December 2020).

The Group regularly assesses the recoverability of the loans to associates jointly with investments, making the necessary provisions when necessary.

These loans bear interest at market rates.

06.04. Debt securities

At 30 June 2021, this heading included the investments in securities maturing in the short term relating mainly to investments in securities, investment funds and fixed-interest securities maturing at more than three months and which it does not intend to hold until maturity arising from Hochtief for EUR 380,195 thousand (EUR 345,625 thousand at 31 December 2020). Other amounts that are noteworthy of mention

include those held by the Dragados Group amounting to EUR 60,892 thousand (EUR 53,801 thousand at 31 December 2020).

06.05. Other financial assets and non-current trade receivables

At 30 June 2021, "Other financial assets" includes short-term deposits of EUR 279,333 thousand (31 December 2020: EUR 271,375 thousand).

Also, at 30 June 2021, EUR 199,597 thousand (EUR 118,565 thousand 31 December 2020) are held as collateral in guarantee of derivatives contracted by the Group (see Note 11), set out under "Other current financial assets" in the attached consolidated financial statement.

At 31 December 2020, this heading included as "Non-current trade receivables" mainly the certificates receivable amounting to EUR 128,876 thousand in relation to construction projects for investments in gas extraction contracts, whose proceeds (expected to be long-term) are linked to the cash flows generated by the operation of the aforementioned investments. Due to the classification of the Industrial Services activity as a discontinued activity, those balances have been reclassified as non-current assets held for sale.

06.06. Trade and other receivables

The carrying amount of trade and other receivables reflects the following breakdown at 30 June 2021 and 31 December 2020:

| | Thousands of Euros | |
|--|-----------------------|-----------------------|
| | Balance at 30/06/2021 | Balance at 31/12/2020 |
| Trade receivables for sales and services | 6,522,255 | 8,342,206 |
| Receivable from group companies and associates | 43,623 | 158,038 |
| Other receivables | 1,159,480 | 1,762,431 |
| Current tax assets | 180,754 | 235,614 |
| Total | 7,906,112 | 10,498,289 |

The detail of "Trade receivables for sales and services" and net trade receivables balance, at 30 June 2021 and 31 December 2020 is as follows:

| | Thousands of Euros | |
|--|-----------------------|-----------------------|
| | Balance at 30/06/2021 | Balance at 31/12/2020 |
| Trade receivables and notes receivable | 4,073,699 | 5,223,000 |
| Completed work pending certification | 2,660,704 | 3,450,382 |
| Allowances for doubtful debts | (212,148) | (331,176) |
| Total assets from receivables | 6,522,255 | 8,342,206 |
| Advances received on orders | (2,526,096) | (3,283,355) |
| Total liabilities from receivables | (2,526,096) | (3,283,355) |
| Total net trade receivables balance | 3,996,159 | 5,058,851 |

Should the amount of output from inception, measured at the certification price, of each project be greater than the amount billed up to the end of the reporting period, the difference between the two amounts corresponds to contractual assets and is recognized as "Completed Work pending Certification" under the "Trade and other receivables" entry on the asset side of the consolidated financial statement.

Should the amount of production from inception be lower than the amount of the certificates issued, the difference corresponds to contractual liabilities and is recorded as "Customer Advances" under the "Trade and Other Payables" category on the liability side of the consolidated financial statement. Therefore, the balances are presented on the basis of each project/work at both 30 June 2021 and 31 December 2020.

The heading "Total liabilities from customer contracts" includes both "Customer advances" and "Pre-certified construction work customers."

As a practical expedient, an entity does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The incremental costs are insignificant in relation to the total assets of customer contracts.

The Group companies assign trade receivables to financial institutions, without the possibility of recourse against them in the event of non-payment. The balance of receivables was reduced by EUR 1,179,448 thousand in this connection at 30 June 2021 (EUR 1,438,303 thousand at 31 December 2020).

Substantially all the risks and rewards associated with the receivables, as well as control over them, were transferred through the sale and assignment of the receivables, since there are no repurchase agreements between the Group companies and the banks that have acquired the assets, and the banks may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner. Consequently, the balances receivable relating to the receivables assigned or sold under the aforementioned conditions were derecognised in the consolidated financial statement. The Group companies continued to manage collection during the year.

06.07. Impairment adjustments

Neither during the first half of 2021 nor in the same period of 2020 have there been any significant impairment losses. There were no significant reversals due to impairment of financial assets in the first six months of 2021 or in the first half of 2020.

06.08. Cash and cash equivalents

The heading "Cash and cash equivalents" includes the Group's cash and current bank deposits with an initial maturity of three months or less. The carrying amount of these assets reflects their fair value and there are restrictions on their availability amounting to EUR 348,558 thousand (EUR 315,331 thousand at 31 December 2020).

07. Inventory

The breakdown of "Inventories" at 30 June 2021 and 31 December 2020 is as follows:

| | Thousands of Euros | |
|----------------------------------|--------------------|----------------|
| | 30/06/2021 | 31/12/2020 |
| Merchandise | 181,635 | 185,532 |
| Raw materials and other supplies | 250,551 | 242,287 |
| Work in progress | 194,332 | 179,544 |
| Finished goods | 18,003 | 17,218 |
| Others | 38,209 | 90,660 |
| Total | 682,730 | 715,241 |

The balance of inventories at 30 June 2021 relates mainly to the EUR 304,781 thousand (EUR 284,094 thousand at 31 December 2020) contributed by the Hochtief Group, which includes projects in progress amounting to EUR 159,781 thousand (EUR 146,970 thousand at 31 December 2020), mainly real estate (land and buildings), of Hochtief and its Australian subsidiary Cimic, of which, neither at 30 June 2021 nor at 31 December 2020, were subject to restrictions, and real estate assets in Dragados amounting to EUR 222,728 thousand (EUR 219,000 thousand at 31 December 2020). In addition to the aforementioned

restrictions, inventories have been not pledged and/or mortgaged as security for the repayment of debts either at 30 June 2021 or at 31 December 2020.

The impairment losses on inventories and their reversal were recognized in the consolidated income statement as EUR 60 and EUR 981 thousand in the six-month period ended 30 June 2021 (EUR 207 and EUR 143 thousand, respectively, in the same period in 2020) from the various ACS Group companies.

08. Equity

08.01. Share capital

At 30 June 2021 and 31 December 2020, the share capital of the Parent amounted to EUR 155,332 thousand and was represented by 310,664,594 fully subscribed and paid shares with a par value of 0.5 euros each, all with the same voting and dividend rights. On 14 August 2020, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. resolved to reduce the share capital by a nominal amount of EUR 2 million through the redemption of 4 million treasury shares of the Company, pursuant to the authorisation of the Shareholders' Meeting of 8 May 2020.

Expenses directly attributable to the issue or acquisition of new shares are recognised in equity as a deduction from the amount thereof.

The General Shareholders' Meeting held on 8 May 2020 approved a motion to delegate to the Board of Directors in accordance with the provisions of section 297(1)(b) of the Consolidated Text of the Corporate Enterprise Act, the power to increase, by one or more times, the share capital of the Company in a maximum amount of up to 50% of the capital, as of the date of the Meeting, within a maximum period of five years from the date of the said General Meeting.

Said share capital increase(s) may be carried out, with or without an issue premium, either by increasing the nominal value of the existing shares with the requirements set forth in the law, or by issuing new shares, ordinary or preferential, with or without vote, or redeemable shares, or any other legally allowed or several modalities at the same time, consisting of the counter value of the new shares or the increase in the nominal value of the existing ones, in terms of monetary contributions.

It is also agreed to empower the Board of Directors so that, in all matters not provided for, it can set the terms and conditions of the share capital increases and the characteristics of the shares, as well as freely offer the new unsubscribed shares within the term(s) for exercising the pre-emptive subscription right. The Board of Directors may also establish that, in the event of incomplete subscription, the share capital will be increased only in the amount of the subscriptions made and provide new wording to the corresponding article of the Company's articles of association regarding the share capital and number of shares.

The Board of Directors is expressly attributed the power to exclude, in whole or in part, the pre-emptive subscription right up to a maximum nominal amount, together, equal to 20% of the share capital at the time of authorization in relation to all or any of the issues agreed upon on the regarding this authorization, in line with the provisions of section 506 of the Corporate Enterprise Act, including also the exclusions of the pre-emptive subscription rights made in the framework of securities issues in accordance with the agreement approved at the General Shareholders' Meeting of 10 May 2019.

The Ordinary General Shareholders Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 7 May 2021 resolved, among other matters, to a share capital increase and reduction. In this regard, the Company resolved in increase share capital to a maximum of EUR 574 million with a charge to freely available reserves, whereby the first capital increase may not exceed EUR 426 million and the second increase may not exceed EUR 148 million, indistinctly granting the Executive Commission, the Chairman of the Board of Directors and the Director Secretary the power to execute the resolution. The capital increase is expected to take place, in the case of the first increase, within the three months following the date of the General Shareholders' Meeting held in 2021 and, in the case of the second increase, within the first quarter of 2022, thereby coinciding with the dates on which ACS, Actividades de Construcción y Servicios, S.A. has

traditionally distributed the final dividend and the interim dividend. With regard to the capital reduction, the resolution passed by the Board consists of reducing share capital through the retirement of the Company's treasury shares for a nominal amount equal to the nominal amount for which the aforementioned capital increase was effectively carried out. The Board of Directors is granted the power to execute these resolutions, on one or two occasions, simultaneously with each of the share capital increases (see Note 08.02).

The Ordinary General Shareholders Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 8 May 2020 resolved, among other matters, to a share capital increase and reduction. In this regard, the Company resolved in increase share capital to a maximum of EUR 630 million with a charge to voluntary reserves, whereby the first capital increase may not exceed EUR 487 million and the second increase may not exceed EUR 143 million, indistinctly granting the Executive Commission, the Chairman of the Board of Directors and the Director Secretary the power to execute the resolution. The capital increase is expected to take place, in the case of the first increase, within the three months following the date of the General Shareholders' Meeting held in 2020 and, in the case of the second increase, within the first quarter of 2021, thereby coinciding with the dates on which ACS, Actividades de Construcción y Servicios, S.A. has traditionally distributed the final dividend and the interim dividend. With regard to the capital reduction, the resolution passed by the Board consists of reducing share capital through the retirement of the Company's treasury shares for a nominal amount equal to the nominal amount for which the aforementioned capital increase was effectively carried out. The Board of Directors is granted the power to execute these resolutions, on one or two occasions, simultaneously with each of the share capital increases (see Note 08.02).

The shares representing the capital of ACS, Actividades de Construcción y Servicios, S.A. are admitted for trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and are listed on the continuous market.

In addition to the Parent, the companies included in the scope of consolidation whose shares are listed on securities markets are Hochtief, A.G. on the Frankfurt Stock Exchange (Germany), Dragados y Construcciones Argentina, S.A.I.C.I. on the Buenos Aires Stock Exchange (Argentina) and Cimic Group Limited on the Australia Stock Exchange.

08.02. Treasury shares

The changes in "Treasury shares" in the first six months of 2021 and 2020 were as follows:

| | First half of 2021 | | First half of 2020 | |
|---|--------------------|--------------------|--------------------|--------------------|
| | Number of shares | Thousands of Euros | Number of shares | Thousands of Euros |
| At beginning of the reporting period | 25,604,641 | 636,011 | 11,386,246 | 402,542 |
| Purchases | 6,096,963 | 154,519 | 16,625,501 | 388,147 |
| Depreciation and sales | (2,568,165) | (63,850) | (2,899,168) | (95,442) |
| At end of the reporting period | 29,133,439 | 726,680 | 25,112,579 | 695,247 |

On 11 January 2021, ACS, Actividades de Construcción y Servicios, S.A. decided to carry out the second capital increase with a charge to share premium approved by the shareholders at the Ordinary General Shareholders Meeting held on 8 May 2020, and also resolved to carry out the second capital reduction of ACS, Actividades de Construcción y Servicios, S.A. for the same amount as the increase in share capital as a result of the second capital increase by redeeming the necessary treasury shares. The number of final shares subject to the capital increase was 2,568,165 for a nominal amount of EUR 1,284,082.50, which were redeemed simultaneously for the same amount (see Note 01.10) and with the same amount of EUR 1,284,082.50 being allocated to the reserve provided for in section 335(c) of the Corporate Enterprise Act as the par value of the redeemed shares.

On 9 June 2021, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first increase of capital against reserves approved by the Ordinary General Shareholders Meeting held on 7 May 2021,

and, once the process was finished in July 2021, the definitive number of ordinary shares was set at EUR 0.5 par value each to be issued at 8,329,558, the corresponding nominal amount of the increase in capital being EUR 4,164,779. On the same date a capital reduction of ACS, Actividades de Construcción y Servicios, S.A. was executed for the amount of EUR 4,164,779 by means of the redemption of 8,329,558 treasury shares and an allocation of an equal amount of EUR 4,164,779 to the reserve provided for in section 335(c) of the Corporate Enterprise Act, equivalent to the nominal value of the redeemed shares (see Note 01.06).

On 4 February 2020, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second increase of capital against reserves approved by the Ordinary General Shareholders Meeting held on 10 May 2019, setting the definitive number of ordinary shares of EUR 0.5 par value each to be issued at 2,899,168, the corresponding nominal amount of the increase in capital being EUR 1,449,584.00. On the same date a capital reduction of ACS, Actividades de Construcción y Servicios, S.A. was executed for the amount of EUR 1,449,584.00 by means of the redemption of 2,899,168 treasury shares and an allocation of an equal amount of EUR 1,449,584.00 to the reserve provided for in section 335(c) of the Corporate Enterprise Act, equivalent to the nominal value of the redeemed shares.

On 10 June 2020, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first increase of capital against share premium approved by the Ordinary General Shareholders Meeting held on 8 May 2020, and, once the process was finished in July 2020, the definitive number of ordinary shares was set at EUR 0.5 par value each to be issued at 11,377,057, the corresponding nominal amount of the increase in capital being EUR 5,688,528.50. On the same date a capital reduction of ACS, Actividades de Construcción y Servicios, S.A. was executed for the amount of EUR 5,688,528.50 by means of the redemption of 11,377,057 treasury shares and an allocation of an equal amount of EUR 5,688,528.50 to the reserve provided for in section 335(c) of the Corporate Enterprise Act, equivalent to the nominal value of the redeemed shares.

At 30 June 2021, the Group held 29,133,439 treasury shares of the Parent, with a par value of EUR 0.5 each, representing 9.4% of the share capital, with a consolidated carrying amount of EUR 726,680 thousand which is recorded under "Treasury shares" in equity in the accompanying consolidated financial statement. At 31 December 2020, the Group held 25,604,641 treasury shares of the Parent, with a par value of EUR 0.5 each, representing 8.2% of the share capital, with a carrying value per consolidated books of EUR 636,011 thousand which is recorded under "Treasury shares and equity interests" in the accompanying consolidated financial statement.

The average purchase price of ACS shares in the first six months of 2021 was EUR 25.34 per share (EUR 23.35 per share in the first six months of 2020).

08.03. Adjustments for changes in value

The net changes in the balance of this heading in the first half of 2021 and in 2020 were as follows:

| | Thousands of Euros | |
|-------------------------------------|--------------------|------------------------------|
| | First half of 2021 | 2020 annual reporting period |
| Beginning balance | (668,772) | (356,377) |
| Hedging Instruments | 16,527 | 7,449 |
| Available-for-sale financial assets | 17,025 | (6,758) |
| Exchange differences | 148,812 | (313,086) |
| Ending balance | (486,408) | (668,772) |

The adjustments for hedging instruments relate to the reserve set up for the effective portion of changes in the fair value of the financial instruments designated and effective as cash flow hedges. They relate mainly to interest rate hedges and, to a lesser extent, foreign exchange rate hedges, tied to asset and liability items in the consolidated financial statement, and to future transaction commitments qualifying for hedge

accounting. The changes in the period arose mainly as a result of the conversion difference due to the changes in exchange rates for the Australian dollar, the Brazilian real and the US dollar.

The changes relating to financial assets through other comprehensive income include the unrealized gains or losses arising from changes in their fair value net of the related tax effect.

09. Non-current provisions

The breakdown of this heading at 30 June 2021, and 31 December 2020, is as follows:

| | Thousands of Euros | |
|--|--------------------|------------------|
| | 30/06/2021 | 31/12/2020 |
| Provision for pensions and similar obligations | 432,543 | 481,609 |
| Personnel-related Provisions | 145,233 | 134,507 |
| Provision for taxes | 673 | 7,113 |
| Provision for third-party liability | 550,204 | 649,188 |
| Provisions for actions on infrastructure | 3,387 | 3,958 |
| Total | 1,132,040 | 1,276,375 |

The decrease in provisions for pensions and similar obligations has mainly been due to the increase of the discount rate Hochtief uses to measure its pension obligations in Germany, the US and the UK to 1.40%, 2.50% and 1.90% respectively as of 30 June 2021 (1.00%, 2.17% and 1.45% respectively as of 31 December 2020).

Notes 20 and 36.02 to the ACS Group's Consolidated Annual Accounts for the year ended 31 December 2020 describes the main disputes, including the main litigation of a tax and legal nature affecting the Group at that date.

The total amount of the payments deriving from lawsuits made by the ACS Group during the first six months of 2021 and 2020 is not significant in relation to the current condensed consolidated half-yearly financial statement.

10. Financial liabilities

The breakdown of the ACS Group's financial liabilities at 30 June 2021 and at 31 December 2020, by nature and category for valuation purposes, is as follows:

| | Thousands of Euros | | | |
|--|--------------------|------------------|------------------|------------------|
| | 30/06/2021 | | 31/12/2020 | |
| | Non-Current | Current | Non-Current | Current |
| Debt instruments and other marketable securities | 4,254,301 | 451,742 | 3,137,017 | 943,609 |
| Bank borrowings | 4,771,149 | 1,166,945 | 5,116,027 | 1,853,689 |
| - with limited recourse | 56,151 | 17,611 | 73,318 | 16,123 |
| - other | 4,714,998 | 1,149,334 | 5,042,709 | 1,837,566 |
| Other financial liabilities | 97,915 | 37,896 | 116,992 | 88,510 |
| Total | 9,123,365 | 1,656,583 | 8,370,036 | 2,885,808 |

The classification of financial liabilities in accordance with the application of IFRS 9 at 30 June 2021 and 31 December 2020, is as follows:

| | Thousands of Euros | | | |
|---|---------------------|-----------------------------------|--|------------------|
| | Value at 30/06/2021 | Fair value through profit or loss | Fair value through other comprehensive income (equity) | Amortized cost |
| Long Term Financial Liabilities | 9,123,365 | — | — | 9,123,365 |
| Debentures and other negotiable securities | 4,254,301 | — | — | 4,254,301 |
| Payables to credit institutions | 4,700,530 | — | — | 4,700,530 |
| Payables on lease of goods | 14,468 | — | — | 14,468 |
| Project financing and debt with limited resources | 56,151 | — | — | 56,151 |
| Other long-term financial payables not in banks | 81,124 | — | — | 81,124 |
| Long-term payables to group and associated companies | 16,791 | — | — | 16,791 |
| Short Term Financial Liabilities | 1,656,583 | — | — | 1,656,583 |
| Debentures and other negotiable securities | 451,742 | — | — | 451,742 |
| Payables to credit institutions | 1,146,063 | — | — | 1,146,063 |
| Payables on lease of goods | 3,271 | — | — | 3,271 |
| Project financing and debt with limited resources | 17,611 | — | — | 17,611 |
| Other short-term financial payables not in banks | 34,243 | — | — | 34,243 |
| Short-term payables to group and associated companies | 3,653 | — | — | 3,653 |

| | Thousands of Euros | | | |
|---|---------------------|-----------------------------------|--|------------------|
| | Value at 31/12/2020 | Fair value through profit or loss | Fair value through other comprehensive income (equity) | Amortized cost |
| Long Term Financial Liabilities | 8,370,036 | — | — | 8,370,036 |
| Debentures and other negotiable securities | 3,137,017 | — | — | 3,137,017 |
| Payables to credit institutions | 5,024,786 | — | — | 5,024,786 |
| Payables on lease of goods | 17,923 | — | — | 17,923 |
| Project financing and debt with limited resources | 73,318 | — | — | 73,318 |
| Other long-term financial payables not in banks | 97,883 | — | — | 97,883 |
| Long-term payables to group and associated companies | 19,109 | — | — | 19,109 |
| Short Term Financial Liabilities | 2,885,808 | — | — | 2,885,808 |
| Debentures and other negotiable securities | 943,609 | — | — | 943,609 |
| Payables to credit institutions | 1,832,412 | — | — | 1,832,412 |
| Payables on lease of goods | 5,154 | — | — | 5,154 |
| Project financing and debt with limited resources | 16,123 | — | — | 16,123 |
| Other short-term financial payables not in banks | 75,278 | — | — | 75,278 |
| Short-term payables to group and associated companies | 13,232 | — | — | 13,232 |

10.01. Debt instruments and other marketable securities

At 30 June 2021, the ACS Group had a balance of debentures and bonds issued amounting to EUR 4,254,301 thousand in non-current and EUR 451,742 thousand in current (EUR 3,137,017 thousand in non-current and EUR 943,609 thousand in current at 31 December 2020) from Cimic, Hochtief, ACS, Actividades de Construcción y Servicios, S.A. and ACS Servicios Comunicaciones y Energía, S.A.

The most significant variations at 30 June 2021, are as follows:

- During the six months of 2021, ACS, Actividades de Construcción y Servicios, S.A. renewed the Euro Commercial Paper (ECP) program for a maximum amount of EUR 750 million, which was registered in the Irish Stock Exchange. By means of this programme, ACS will be able to issue promissory notes maturing between 1 and 364 days, thereby enabling it to diversify its means of obtaining financing on capital markets. At 30 June 2021, the issues outstanding under the aforementioned programmes amounted to EUR 169,850 thousand (EUR 247,041 thousand at 31 December 2020).
- Similarly, it has renewed its debt issue Program, called the Euro Medium Term Note Program (EMTN Program), for a maximum amount of EUR 1,500 million, which was approved by the Central Bank of Ireland.
- Furthermore, in the first six months of 2021, ACS Actividades de Construcción y Servicios, S.A. renewed the Negotiable European Commercial Paper (NEU CP) programme by EUR 500 million, with a maximum issue term of 365 days, under the regulation of the Bank of France (pursuant to section D.213-2 of the French Monetary and Financial Code) listed on the Luxembourg Stock Exchange. At 30 June 2021, the issues outstanding under the aforementioned programmes amounted to EUR 242,000 thousand (EUR 238,000 thousand at 31 December 2020).
- On 26 April 2021, Hochtief issued a EUR 500 million bond with a term of 8 years and a coupon of 0.625% per annum on the international capital market. The rating agency S&P gave the bond an investment grade rating of BBB-. The issuance allowed Hochtief to diversify and extend the maturity profile of its long-term borrowings.
- On 21 May 2021 and 2 June 2021, Cimic Finance Pty Limited issued a total of EUR 625 million in eight-year corporate bonds in the Euro Medium Term Note at a fixed rate of 1.5% per annum, payable each year starting 28 May 2021 and maturing on 28 May 2029. Moody's and Standard & Poor's awarded the bond an investment grade rating of Baa2 and BBB-, respectively. In connection with this bond issue, Cimic has entered into a Cross Currency Interest Rate Swap to hedge exposure to exchange rate fluctuations between the Australian dollar and the euro with an interest rate of 3.5% (see note 11).

The market price of the ACS Group's bonds at 30 June 2021, and 31 December 2020, is as follows:

| Bonds | Carrying amount 30/06/2021 | Carrying amount 31/12/2020 | Price 30/06/2021 | Price 31/12/2020 | Principal (Millions of Euros) | Coupon (%) | Initial term (in years) | Maturity |
|-----------------------|-------------------------------|-------------------------------|---------------------|---------------------|-------------------------------------|---------------|----------------------------|----------------|
| ACS 750 | 745,840 | 750,455 | 101.37% | 102.67% | 750 | 1.375% | 5 | April 2025 |
| ACS 120 | — | 120,351 | Expired | n.a. | 120 | 0.375% | 2 | February 2021 |
| ACS 50 | 50,001 | 50,001 | n.a. | n.a. | 50 | 0.785% | 4.11 | June 2023 |
| ACS SC&E | 749,117 | 755,551 | 105.90% | 107.76% | 750 | 1.875% | 8 | April 2026 |
| HOCHTIEF 500 | 506,556 | 501,949 | 105.83% | 107.06% | 500 | 1.750% | 7 | July 2025 |
| HOCHTIEF 50 CHF | 45,470 | 46,389 | n.a. | n.a. | 45 | 0.769% | 6 | June 2025 |
| HOCHTIEF 50 | 50,049 | 50,622 | n.a. | n.a. | 50 | 2.300% | 15 | April 2034 |
| HOCHTIEF 500 | 497,859 | 496,278 | 100.69% | 101.42% | 500 | 0.500% | 8 | September 2027 |
| HOCHTIEF 1000 NOK | 99,748 | 96,083 | n.a. | n.a. | 100 | 1.700% | 10 | July 2029 |
| HOCHTIEF 250 | 250,879 | 249,246 | 101.68% | 102.38% | 250 | 1.250% | 12 | September 2031 |
| HOCHTIEF 500 | 493,466 | — | 98.21% | n.a. | 500 | 0.625% | 8 | April 2029 |
| CIMIC FINANCE 500 USD | 169,302 | 164,458 | 103.00% | 103.75% | 169 | 5.950% | 10 | November 2022 |
| CIMIC 625 | 615,731 | — | 101.74% | n.a. | 625 | 1.500% | 8 | May 2029 |

10.02. Bank borrowings

The ACS Group's most significant bank loans are as follows:

- ACS, Actividades de Construcción y Servicios, S.A. has a syndicated bank loan amounting to EUR 2,100,000 thousand, divided into two tranches (tranche A, a loan of EUR 950,000 thousand, drawn down in full, and tranche B, a liquidity facility of EUR 1,150,000 thousand), maturing on 13 October 2025, and that was extended in late July 2021 for another year until 13 October 2026. No amount has been drawn down under the tranche B liquidity facility at 30 June 2021 or 31 December 2020. There have been no changes to the other conditions.
- As part of the acquisition of Abertis, ACS, Actividades de Construcción y Servicios, S.A. has loan agreements with various entities amounting to EUR 700 million with various maturities in 2023 (between 28 June and 12 December 2023) at market interest rates tied to the Euribor at 30 June 2021 and 31 December 2020.
- The syndicated credit facility Hochtief signed in May 2020 and that was fully drawn down in the amount of EUR 400 million, which was fully repaid as of 30 June 2021.
- Cimic also has syndicated financing at 30 June 2021, with the following due dates:
 - AUD 1,300 million maturing on 22 September 2022.
 - AUD 950 million maturing on 25 September 2023.
 - AUD 950 million maturing on 25 September 2024.

The amount drawn down at 30 June 2021 is AUD 2,160 million (AUD 2,400 million at 31 December 2020).

- In the first half of 2021, Cimic signed a syndicated line of three-year guarantees for AUD 1,400 million.
- On 29 June 2017, the Company (Dragados, S.A.) and its investee (Dragados Construction USA, Inc.) as "Borrowers", signed a syndicated loan agreement with a group of international financial institutions, amounting to USD 270,000 thousand (EUR 227,196 thousand), which was drawn down in full by Dragados Construction USA, Inc. The principal of this loan bears interest tied to Libor. On 22 June 2021, a novation of that agreement was executed that simultaneously amortised it and increased its amount, resulting in a fully drawdown Tranche A of USD 232,750 thousand (EUR 195,552 thousand), and a new Tranche B for a sum of USD 62,250 thousand (EUR 52,381 thousand). Dragados Construction USA, Inc., drew down USD 37,250 thousand (EUR 31,345 thousand) from Tranche B to partially amortise the initial amount. At June 30, 2021, the companies had USD 25,000 thousand (EUR 21,037 thousand) pending to be drawn down from this loan tranche B. The total amount of the loan amounted to USD 295,000 thousand (EUR 248,233 thousand). The due date was also extended to 28 June 2026, when it must be repaid in full, with all other conditions remaining unchanged.
- On 20 December 2018, Dragados, S.A. entered into a new syndicated transaction amounting to EUR 323,800 thousand, which was divided into Tranche A as a loan amounting to EUR 161,900 thousand and Tranche B as a credit facility for the same amount as Tranche A. Subsequently, on 19 December 2019, this contract was renewed, and sections A and B were increased by EUR 70,000 thousand each, for a total of EUR 463,800 thousand. At 30 June 2021, only EUR 231,900 thousand of tranche A was drawn down. Tranche B is undrawn. The principal of the loan and the credit line will accrue interest at Euribor, maturing on 20 December 2023.

"Project finance and limited recourse borrowings" on the liability side of the consolidated financial statement mainly includes the amount of the financing related to infrastructure projects.

The breakdown of this heading, by type of financed asset, at 30 June 2021 is as follows:

| | Thousands of Euros | | |
|-----------------------|--------------------|---------------|---------------|
| | Current | Non-current | Total |
| Highways | 9,078 | 44,906 | 53,984 |
| Other infrastructures | 8,533 | 11,245 | 19,778 |
| Total | 17,611 | 56,151 | 73,762 |

The breakdown of this heading, by type of financial assets, at 31 December 2020 was as follows:

| | Thousands of Euros | | |
|-----------------------|--------------------|---------------|---------------|
| | Current | Non-current | Total |
| Highways | 7,593 | 53,594 | 61,187 |
| Other infrastructures | 8,530 | 19,724 | 28,254 |
| Total | 16,123 | 73,318 | 89,441 |

In the first half of 2021 and 2020, the ACS Group satisfactorily met all its bank borrowing payment obligations on maturity.

Note 21 to the Consolidated Annual Accounts for 2020 details the main financial risks to which the ACS Group is exposed (interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk of listed shares). The most significant changes in the first six months of 2021 regarding the financial risks of the ACS Group detailed in the 2020 Annual Accounts are as follows:

- ACS, Actividades de Construcción y Servicios, S.A., has renewed the Euro Commercial Paper (ECP) programmes for a maximum amount of 750 million euro, the Negotiable European Commercial Paper (NEU CP) programme increasing the maximum amount by EUR 500 million, and the Euro Medium Term Note Programme (EMTN programme) for a maximum amount of EUR 1,500 million.
- Hochtief and Cimic have issued EUR 500 and 625 million in bonds maturing in 8 years respectively.
- In March 2021, the rating agency Standard and Poor's (S&P) granted ACS, Actividades de Construcción y Servicios, S.A.'s long-term corporate credit rating of BBB and its investment grade rating of A-3, with a stable outlook. Hochtief and Cimic also obtained the same credit rating.

Within the section of "Other current financial assets" in the consolidated financial statement at 30 June 2021 (see Note 10), amounting to EUR 1,435,873 thousand (EUR 1,354,982 thousand at 31 December 2020), EUR 498,786 thousand (EUR 771,948 thousand at 31 December 2020) could be settled in less than three months at the option of the Group due to the instrument's own liquid nature or its own term. Additionally, the fair value of the forward contracts (contracts for difference) for ACS shares amounting to EUR 178,458 thousand at 30 June 2021 (Euros 247,163 thousand at 31 December 2020) were considered to be liquid, since they may be disposed of at any time (see Note 11).

The amount corresponding to "Other financial liabilities" on the statement of financial position includes, essentially, the financing obtained from public bodies in various countries to carry out certain infrastructure projects.

10.03. Capital management

The objectives of capital management at the ACS Group are to maintain an optimum financial and net worth structure to reduce the cost of capital and at the same time to safeguard the Group's ability to continue to operate with sufficiently sound debt/equity ratios.

The capital structure is controlled mainly through the debt/equity ratio, calculated as net financial debt divided by equity. Net financial debt is taken to be:

- + Net recourse debt:
 - + Non-current bank borrowings
 - + Current bank borrowings
 - + Issue of bonds and debentures
 - Cash and other current financial assets
- + Debt from project finance and debt with limited recourse.

The Group's directors consider that the gearing ratio at 30 June 2021 and 31 December 2020 was adequate, the detail being as follows:

| | Thousands of Euros | |
|---|--------------------|------------------|
| | 30/06/2021 | 31/12/2020 |
| Net recourse debt / (cash) | 2,902,210 | 1,730,330 |
| Non-current bank borrowings (Note 10.02) | 4,714,998 | 5,042,709 |
| Current bank borrowings (Note 10.02) | 1,149,334 | 1,837,564 |
| Issue of bonds and debentures (Note 10.01) | 4,706,043 | 4,080,626 |
| Other financial liabilities (Note 10.02) | 135,811 | 205,504 |
| Long term deposits, other current financial assets and cash | (7,803,976) | (9,436,073) |
| Project financing (Note 10.02) | 73,762 | 89,441 |
| Net financial debt (Nota 01.07) | 2,975,972 | 1,819,771 |
| Equity (Note 08) | 4,314,636 | 4,275,907 |

11. Derivative financial instruments

The details of the financial instruments at 30 June 2021 and 31 December 2020, are as follows:

| | Thousands of Euros | | | |
|----------------------|--------------------|----------------|----------------|----------------|
| | 30/06/2021 | | 31/12/2020 | |
| | Assets | Liabilities | Assets | Liabilities |
| Hedges | 269 | 41,220 | 17,836 | 41,599 |
| Non-qualified hedges | 3 | 8,250 | 11 | 8,192 |
| Non-current | 272 | 49,470 | 17,847 | 49,791 |
| Hedges | 2,492 | 7,251 | 2,733 | 29,270 |
| Non-qualified hedges | 178,579 | 187,790 | 248,583 | 126,190 |
| Current | 181,071 | 195,041 | 251,316 | 155,460 |
| Total | 181,343 | 244,511 | 269,163 | 205,251 |

The assets and liabilities designated as hedging instruments includes the amount corresponding to the effective part of the changes in fair value of these instruments designated and classified as cash flow hedges. They relate mainly to interest rate hedges (interest rate swaps) and foreign exchange rate hedges, tied to asset and liability items in the statement of financial position, and to future transaction commitments qualifying for hedge accounting because they are subject to hedge accounting.

In relation to Cimic's issuance of EUR 625.0 million in fixed-rate eighty-year corporate bonds in Euro Medium Term Notes in May and June 2021 (see Note 10.01), to cover the exposure the exchange rate fluctuations between the Australian dollar and the euro, Cimic purchased a cross currency interest rate swap that has the same term and value as the underlying asset. Cimic designated and documented this as a hedge relation and exchanged the fixed-rate debt in euros for debt in Australian dollars at an interest rate of 3.5%. The carrying principal of the derivative is EUR 625 million and the fair negative value of the derivative is EUR 4.7 million, recognised under "Payables for current derivative financial instruments" in the accompanying consolidated statement of financial position.

The assets and liabilities relating to derivative financial instruments not qualified as hedges include the fair value of derivatives that do not meet the hedging conditions.

In the second half of 2018, a new ACS stock option plan was established which, like the previous ones, is outsourced to a financial institution. The financial institution holds these shares to be delivered to executives who are beneficiaries of the plan in accordance with the conditions included therein and at the exercise price of the option EUR 37.17 per share). These derivatives do not fulfil the accounting requirements to qualify for hedge accounting, therefore their measurement is recorded by means of changes in the consolidated income statement. The change in fair value of this instrument is included under "Changes in fair value of financial instruments" in the accompanying consolidated income statement (see Note 17). Pursuant to the contracts with the financing entities, the latter do not assume any risk arising from the decline of the share price below the call price. The negative fair value of derivatives related to ACS shares at 30 June 2021 amounted to EUR 182,995 thousand (negative EUR 125,813 thousand at 31 December 2020), included under "Short-term derivative financial instrument payables" in the accompanying consolidated financial statement.

Since 1 November 2020, ACS, Actividades de Construcción y Servicios, S.A. has held a derivative forward contract that can be settled by differences on its own shares with a financial institution for a maximum total of 12,000,000 shares with a strike price of EUR 12.21 per share adjustable on the basis of future dividends and 104 maturities between 8 October 2021 and 4 March 2022.

Since 21 December 2020, ACS, Actividades de Construcción y Servicios, S.A. has had a forward contract on ACS shares settled by differences for a total of 11,952,615 options with a strike price of EUR 16.858 per share adjusted for future dividends and 104 maturities between 7 March 2022 and 1 August 2022.

The positive fair value of forward contracts (contracts for difference) related to ACS shares at 30 June 2021 amounts to EUR 178,458 thousand (EUR 247,163 thousand at 31 December 2020) and is included under "Current derivative financial instrument receivables" in the accompanying consolidated financial statement. The effect on the income statement resulted in a loss of EUR 68,704 thousand under the heading "Changes in the fair value of financial instruments" of the attached consolidated income statement.

The amounts provided as security (see Note 06.05) relating to the derivatives arranged by the Group referred to above amounted to EUR 199,597 thousand at 30 June 2021 (EUR 118,565 thousand at 31 December 2020).

As part of the divestment of Thiess, the transaction agreement includes a put option for Elliott to sell all or part of its 50% stake in Thiess to CIMIC after the third anniversary, between four and six years after the sale on 31 December 2020. The exercise price will be the lower of the cost price or a price benchmarked to the movements in the S&P / ASX 200 Total Return Index plus the cumulative value of any shortfall in agreed minimum distributions. This option has no current impact on the control of the company.

The put option is accounted for as a derivative financial instrument in accordance with IFRS 9 and is therefore recorded at fair value through changes in profit/(loss) in the ACS Group's consolidated financial statements. External independent advisors have been used to determine the fair value of the put option.

The fair value of the put option is not observable from a market price. A probability-weighted expected returns method is used to calculate the value of the put option proceeds based on the potential future payments if the option is exercised, adjusted for minimum annual distributions under the shareholders' agreement, and compared to the estimated exercise price to determine a fair value. At 30 June 2021, the

fair value of the put option has been determined to be AUD 13 million (equivalent to EUR 8.2 million) (at 31 December 2020 the amount was EUR 8.2 million/AUD 13.0 million).

The Group has recognized both its own credit risk and that of the counterparty based on each derivative for all derivative instruments measured at fair value through changes in profit/(loss), in accordance with IFRS 13.

With regard to the assets and liabilities measured at fair value, the ACS Group followed the hierarchy set out in IFRS 7:

Level 1: Quoted prices (unadjusted) on active markets for identical assets or liabilities.

Level 2: Inputs other than prices quoted included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

| | Thousands of Euros | | | |
|----------------------------------|---------------------|----------------|----------------|---------------|
| | Value at 30/06/2021 | Level 1 | Level 2 | Level 3 |
| Assets | 945,282 | 533,943 | 331,703 | 79,636 |
| Equity instruments | 241,892 | 153,834 | 8,422 | 79,636 |
| Debt securities | 522,047 | 380,052 | 141,995 | — |
| Derivative financial instruments | | | | |
| Non-current | 272 | 3 | 269 | — |
| Current | 181,071 | 54 | 181,017 | — |
| Liabilities | 244,511 | 105 | 236,206 | 8,200 |
| Derivative financial instruments | | | | |
| Non-current | 49,470 | 49 | 41,221 | 8,200 |
| Current | 195,041 | 56 | 194,985 | — |

| | Thousands of Euros | | | |
|----------------------------------|---------------------|----------------|----------------|---------------|
| | Value at 31/12/2020 | Level 1 | Level 2 | Level 3 |
| Assets | 1,225,185 | 473,780 | 681,386 | 70,019 |
| Equity instruments | 207,782 | 128,220 | 9,543 | 70,019 |
| Debt securities | 748,240 | 345,486 | 402,754 | — |
| Derivative financial instruments | | | | |
| Non-current | 17,847 | 3 | 17,844 | — |
| Current | 251,316 | 71 | 251,245 | — |
| Liabilities | 205,251 | 55 | 197,018 | 8,178 |
| Derivative financial instruments | | | | |
| Non-current | 49,791 | 13 | 41,600 | 8,178 |
| Current | 155,460 | 42 | 155,418 | — |

The changes in financial instruments included under Level 3 during the six-month period ended on 30 June 2021, is as follows:

| | Thousands of Euros | | | | |
|---|--------------------|-----------------------|------------------|---------|---------------|
| | 31/12/2020 | Valuation adjustments | Transfer Level 2 | Others | 30/06/2021 |
| Assets - Equity instruments and derivative financial instruments | 70,019 | 10,863 | — | (1,246) | 79,636 |
| Liabilities - Derivative financial instruments | 8,178 | 22 | — | — | 8,200 |

The changes in financial instruments included under Level 3 in 2020 was as follows:

| | Thousands of Euros | | | | |
|---|--------------------|-----------------------|------------------|---------|---------------|
| | 01/01/2020 | Valuation adjustments | Transfer Level 2 | Others | 31/12/2020 |
| Assets - Equity instruments and derivative financial instruments | 106,296 | (34,274) | — | (2,003) | 70,019 |
| Liabilities - Derivative financial instruments | — | 8,178 | — | — | 8,178 |

No derivative instruments measured at fair value through profit or loss were transferred between levels 1 and 2 of the fair value hierarchy during the first half of 2021 or during 2020.

12. Tax matters

12.01. Deferred tax assets and liabilities

The details of the deferred tax assets at 30 June 2021, and 31 December 2020, are as follows:

| | Thousands of Euros | | | | | |
|-----------------------------|--------------------|-----------------|------------------|--------------------|-----------------|------------------|
| | 30/06/2021 | | | 31/12/2020 | | |
| | Tax Group in Spain | Other companies | Total | Tax Group in Spain | Other companies | Total |
| Credit for tax loss | 462,294 | 300,375 | 762,669 | 462,294 | 353,052 | 815,346 |
| Other temporary differences | 291,481 | 296,870 | 588,351 | 468,123 | 410,847 | 878,970 |
| Tax credits and tax relief | 173,014 | 3,996 | 177,010 | 189,444 | 5,093 | 194,537 |
| Total | 926,789 | 601,241 | 1,528,030 | 1,119,861 | 768,992 | 1,888,853 |

The temporary differences of the companies not included in the Spanish Tax Group arose mainly from the companies of the Hochtief Group. The reduction in the amount of the temporary differences of the Spanish tax group is because the part corresponding to the industrial division has been placed under the “Non-current assets held for sale and discontinued operations” of the attached abridged financial statement.

Tax loss carry forwards of the ACS Tax Group in Spain arose from the estimated consolidated tax loss for 2012, arising mainly from impairment and unrealised losses related to the investment in Iberdrola, S.A. This tax credit does not have a period of limitation.

The deferred tax assets were recognised in the consolidated financial statement because the Group’s directors considered that, based on their best estimate of the Group’s future earnings, it is probable that these assets will be recovered.

The Group has considered the main positive and negative factors that apply to the recognition of deferred tax assets, in relation to the recoverability of these deferred tax assets, identifying that they meet the following factors, among others:

Positive factors

- The probability of recovering deferred tax assets is greater if the loss arises from an isolated and non-recurring event than if it is the result of demand factors or margins. This is the case with ACS, where the loss is the result of an isolated and non-recurring event.
- History of recurring profits by the tax group.
- That there are new business opportunities for the tax group. Having a solid portfolio.
- The Group is not a start-up.
- Compliance with business plans and profit forecasts in the coming years.
- Some of the businesses that make up the tax group are not very complex in terms of making projections.

Negative factors

- The longer the recovery time, the less reliable the estimate will be.
- Long offsetting periods do not guarantee that deferred tax assets will be reversed in full because a company or tax group could generate new losses in the future or cease to be a going concern. In the case of ACS' Spanish tax group, it has a history of recurring profits and a solid future portfolio, so this negative factor does not occur and the loss was a one-off non-operational event.

At 30 June 2021, deferred tax assets and liabilities arising from temporary differences totalling EUR 409,441 thousand (EUR 407,282 thousand at 31 December 2020) have been offset. The offsetting was at the level of the same company code or tax group and most of the offsetting arises in the Hochtief Group.

| | Thousands of Euros | |
|--|--------------------|------------------|
| | 30/06/2021 | 31/12/2020 |
| Deferred tax assets | 1,937,471 | 2,296,135 |
| Compensations of deferred tax assets/liabilities | (409,441) | (407,282) |
| Total deferred tax assets | 1,528,030 | 1,888,853 |
| Deferred tax liabilities | 673,891 | 727,770 |
| Compensations of deferred tax assets/liabilities | (409,441) | (407,282) |
| Total deferred tax liabilities | 264,450 | 320,488 |

The items and amounts of deferred tax liabilities amounting to EUR 264,460 thousand (EUR 320,488 thousand at 31 December 2020) have not substantially changed with respect to 31 December 2020.

12.02. Change in income tax expense

The main items affecting the quantification of income tax expense at 30 June 2021 and 2020 are as follows:

| | Thousands of Euros | |
|---|--------------------|------------------|
| | 30/06/2021 | 30/06/2020 (*) |
| Consolidated profit/(loss) before tax | 287,526 | 399,291 |
| Profit or loss of companies accounted for using the equity method | (138,791) | (19,108) |
| | 148,735 | 380,183 |
| Tax charge at 25% | 37,184 | 95,046 |
| Net impact of permanent differences, tax credits, national tax rate spreads and adjustments | (15,759) | 23,469 |
| Income tax expense / (income) | 21,425 | 118,515 |

(*) Restated unaudited.

The effect of the spread between national tax rates against the reference tax rate of 25% is due to the fact that the nominal Spanish rate used to calculate this table is lower than the average of nominal rates in the relevant countries in which the Group operates.

During the month of June 2019, the Group was notified that tax audits were being commenced on the Spanish 30/99 Tax Group in relation to corporate income tax, from 2013 to 2016, and VAT and withholdings, for the years 2015 to 2016, with there being no significant new developments in the first half of 2021. However, due to the possible different interpretations that can be made of the tax rules, this could result in tax liabilities whose amount cannot currently be objectively quantified. Nevertheless, the ACS Group's Directors do not consider that any material contingent liabilities could arise from the performance of these activities for the Group's profit.

13. Business segments

In accordance with the ACS Group's internal organizational structure and, consequently, its internal reporting structure, the Group carries on its business activities through lines of business, which are the operating reporting segments as indicated in IFRS 8.

The main areas of the Group are divided into:

a) Infrastructure

The Infrastructure segment includes Construction activities (through Dragados and Hochtief—including CIMIC) and Concession activities (through Iridium and the Group's stake in Abertis), and is aimed at carrying out all types of Civil Works and Building projects, as well as the development and operation of infrastructure concessions, such as transport, etc. The geographical regions with the highest exposure in this area are North America, Asia Pacific and Europe, mainly operating in developed markets that are safe from the geopolitical, macroeconomic and legal perspective.

In this regard, the Group presents both Construction and Concession activities within the Infrastructure segment, mainly due to the fact that the activities of these sub-segments are directly related to one another, i.e. they correspond to business lines whose activities are complementary. The integration of both activities, i.e. construction and concessions, gives the ACS Group a comprehensive offer of solutions in the infrastructure area that allows the Group to strengthen its offer in the target markets. The integration of directly interrelated activities under the same management or the conceptual title of "segment manager", as defined in paragraph 9 of IFRS 8, brings important synergies for the Group, such as optimization of the international business support structure. As a consequence of the above, this functional decentralization allows a common management or segment manager to report directly to the highest operating decision-making authority and to remain in constant contact with that authority, in order to discuss operating activities, financial results, forecasts or plans for the segment in question. In this context, the Group presents the information corresponding to these integrated activities under the title "Infrastructure", in line with the Group's strategy as a comprehensive provider of infrastructure services,

whose financial and management information is assessed jointly and periodically by the Senior Management under a single management.

The infrastructure segment is a component differentiated from the company's other components, in that it has differentiated financial information and has a management or "segment manager" who reports directly to the highest operating decision-making authority, with which he remains in constant contact.

Based on the above, the Group considers it reasonable and justified to present the construction and concession activities jointly, and aims to be a leading and comprehensive provider worldwide in the infrastructure sector.

b) Industrial Services

The area is dedicated to applied industrial engineering, developing activities of construction, operation and maintenance of energy, industrial and mobility infrastructures through an extensive group of companies headed by Grupo Cobra and Dragados Industrial. This area has a presence in more than 50 countries, with a predominant exposure to the Mexican and Spanish market despite the rapid growth in new Asian and Latin American countries. Since most of this area of activity is in the process of being sold, it has been classified as a discontinued activity (see Note 01.04.02).

c) Services

This area only includes Clece's facility management business activity which comprises maintenance of buildings, public places or organizations, as well as assistance for people. This area is fundamentally based in Spain despite an incipient growth of the European market. Although this segment does not meet the quantitative thresholds established in IFRS 8, the Group considers should be reported as a differentiated segment since the nature of the goods and services it provides is wholly differentiated and identifiable and it reports independently to the Group, and this presentation is considered to be more useful to the users of the financial statements.

The breakdown of the assets and liabilities by segments at 30 June 2021 and 31 December 2020, is as follows:

| | Thousands of Euros | | | |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|
| | Assets | | Liabilities | |
| | 30/06/2021 | 31/12/2020 | 30/06/2021 | 31/12/2020 |
| Infrastructure | 25,485,931 | 26,135,396 | 20,447,938 | 21,133,150 |
| Industrial Services | 9,531,809 | 8,987,261 | 8,230,154 | 7,862,573 |
| Services | 1,466,861 | 1,434,431 | 688,539 | 658,969 |
| Corporate unit and adjustments | 648,260 | 776,632 | 3,451,594 | 3,403,121 |
| Total | 37,132,861 | 37,333,720 | 32,818,225 | 33,057,813 |

The breakdown of ordinary income by segments at 30 June 2021 and 2020 is as follows:

| Business segments | Thousands of Euros | |
|---|--------------------|-------------------|
| | 30/06/2021 | 30/06/2020 (*) |
| Infrastructure | 12,412,456 | 14,049,385 |
| Industrial Services | 103,313 | 84,202 |
| Services | 817,478 | 759,266 |
| (-) Adjustments and eliminations of ordinary inter-segment income | (3,569) | (3,697) |
| Total | 13,329,678 | 14,889,156 |

(*) Restated unaudited.

Inter-segment sales are made at market prices.

The reconciliation of the Profit/Loss, by business, with consolidated Profit/Loss before taxes at 30 June 2021 and 2020 is as follows:

| Business segments | Thousands of Euros | |
|--|--------------------|------------------|
| | 30/06/2021 | 30/06/2020 (*) |
| Infrastructure | 327,608 | 328,564 |
| Industrial Services | 280,825 | 203,027 |
| Services | 13,718 | (2,319) |
| Total profit of the segments reported upon | 622,151 | 529,272 |
| (+/-) Non-assigned profit | (140,683) | (17,870) |
| (+/-) Income tax and / or profit / (loss) from discontinued operations | (193,942) | (112,111) |
| Profit / (Loss) before tax | 287,526 | 399,291 |

(*) Restated unaudited.

Revenue, by geographical area, at 30 June 2021 and 2020 is as follows:

| Revenue by Geographical Area | Thousands of Euros | |
|------------------------------|--------------------|-------------------|
| | 30/06/2021 | 30/06/2020 (*) |
| Domestic market | 1,431,919 | 1,296,085 |
| Foreign market | 11,897,759 | 13,593,071 |
| a) European Union | 855,092 | 829,302 |
| a.1) Euro Zone | 465,177 | 434,750 |
| a.2) Non Euro Zone | 389,915 | 394,552 |
| b) Rest of countries | 11,042,667 | 12,763,769 |
| Total | 13,329,678 | 14,889,156 |

(*) Restated unaudited.

Revenue amounting to EUR 13,329,678 thousand (EUR 14,889,156 thousand in the first half of 2020) includes performance obligations recognized mainly through the application of the product method in the infrastructure business (civil engineering construction, PPP, etc.), the services business (including construction management, comprehensive maintenance services for buildings, public places and organizations, and personal assistance).

Revenue by type for the first half of 2021 is as follows:

| | Construction/PPP | | Construction Management/Services | | Others | | Total | |
|--------------------------------|--------------------|---------------|----------------------------------|---------------|--------------------|--------------|--------------------|---------------|
| | Thousands of Euros | % | Thousands of Euros | % | Thousands of Euros | % | Thousands of Euros | % |
| Infrastructure | 5,276,438 | 39.6 % | 6,981,862 | 52.4 % | 154,156 | 1.2 % | 12,412,456 | 93.1% |
| Industrial Services | — | 0.0 % | 46,848 | 0.4 % | 56,465 | 0.4 % | 103,313 | 0.8% |
| Services | — | 0.0 % | 817,478 | 6.1 % | — | 0.0 % | 817,478 | 6.1% |
| Corporate unit and adjustments | — | 0.0 % | — | 0.0 % | (3,569) | 0.0 % | (3,569) | 0.0% |
| Total | 5,276,438 | 39.6 % | 7,846,188 | 58.9 % | 207,052 | 1.6 % | 13,329,678 | 100.0% |

Revenue by type for the first half of 2020 was as follows:

| (*) | Construction/PPP | | Construction Management/Services | | Others | | Total | |
|--------------------------------|--------------------|---------------|----------------------------------|---------------|--------------------|--------------|--------------------|----------------|
| | Thousands of Euros | % | Thousands of Euros | % | Thousands of Euros | % | Thousands of Euros | % |
| Infrastructure | 5,160,271 | 34.7 % | 8,777,304 | 59.0 % | 111,810 | 0.8 % | 14,049,385 | 94.4 % |
| Industrial Services | — | 0.0 % | 51,228 | 0.3 % | 32,974 | 0.2 % | 84,202 | 0.6 % |
| Services | — | 0.0 % | 759,266 | 5.1 % | — | 0.0 % | 759,266 | 5.1 % |
| Corporate unit and adjustments | — | 0.0 % | — | 0.0 % | (3,697) | 0.0 % | (3,697) | 0.0 % |
| Total | 5,160,271 | 34.7 % | 9,587,798 | 64.4 % | 141,087 | 0.9 % | 14,889,156 | 100.0 % |

(*) Restated unaudited.

The distribution of net revenue relating to the Group's ordinary operations at 30 June 2021 and 2020, by the main countries where it operates, is as follows:

| Revenue by Countries | Thousands of Euros | |
|----------------------|--------------------|-------------------|
| | 30/06/2021 | 30/06/2020 (*) |
| United States | 7,107,738 | 8,143,524 |
| Australia | 2,424,261 | 2,750,716 |
| Spain | 1,431,919 | 1,296,086 |
| Canada | 793,928 | 768,272 |
| Germany | 427,370 | 394,867 |
| Hong Kong | 257,812 | 265,798 |
| New Zealand | 168,935 | 140,779 |
| United Kingdom | 167,638 | 135,124 |
| Poland | 153,378 | 176,317 |
| Other | 396,699 | 817,673 |
| Total | 13,329,678 | 14,889,156 |

(*) Restated unaudited.

The backlog by line of business at 30 June 2021 and 31 December 2020 was as follows:

| | Thousands of Euros | |
|---------------------|--------------------|-------------------|
| | 30/06/2021 | 31/12/2020 (*) |
| Infrastructure | 61,362,554 | 57,609,131 |
| Industrial Services | — | 114,417 |
| Services | 2,629,535 | 2,701,135 |
| Total | 63,992,089 | 60,424,683 |

(*) Restated unaudited.

The portfolio of orders would be equivalent to approximately 24 months of activity (23 months at 31 December 2020).

14. Financial costs

The ordinary financial result declined mainly due to the sale of Thiess. Finance costs include factoring expenses.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

15. Average headcount

The breakdown of the average number of employees, by professional category and gender, in the first six months of 2021 and 2020, is as follows:

| By professional category | Average number of employees | | | | | |
|-----------------------------|-----------------------------|---------------|----------------|------------------|---------------|----------------|
| | 30/06/2021 | | | 30/06/2020 (*) | | |
| | Men | Women | Total | Men | Women | Total |
| University graduates | 11,022 | 4,306 | 15,328 | 13,488 | 4,559 | 18,047 |
| Junior college graduates | 1,815 | 2,211 | 4,026 | 2,352 | 3,075 | 5,427 |
| Non-graduate line personnel | 8,962 | 6,790 | 15,752 | 10,477 | 7,267 | 17,744 |
| Clerical personnel | 1,780 | 2,609 | 4,389 | 2,470 | 3,153 | 5,623 |
| Other employees | 28,132 | 52,503 | 80,635 | 38,097 | 52,842 | 90,939 |
| Total | 51,711 | 68,419 | 120,130 | 66,884 | 70,896 | 137,780 |

(*) Restated unaudited.

16. Impairment and gains or losses on disposals of fixed assets and financial instruments

The breakdown of "Impairment and gains or losses on disposals of fixed assets" in the first half of 2021 and 2020 is as follows:

| | Thousands of Euros | |
|---------------------------------------|--------------------|------------------|
| | 30/06/2021 | 30/06/2020 (*) |
| Impairment of assets | 52,428 | 2,684 |
| Gains or losses on disposal of assets | (4,022) | 23,434 |
| Total | 48,406 | 26,118 |

(*) Restated unaudited.

Of note in the first six months of 2021 was the acquisition of 5% of Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V., through which control of the company was achieved and it was changed from being accounted for by the equity method to full consolidation (see Note 01.04.01). In the first half of 2020, the result on disposals of fixed assets included, among others, the result generated by the sale of the shadow toll roads (see Note 01.08).

Gains and losses on disposal of fixed assets" includes the gain on the sale on 30 June 2021 of Continental Rail, S.A.U.'s shares representing the entire share capital of the company to the French group CMA CGM for EUR 14.8 million (see Note 01.08).

The breakdown of "Impairment and gains or losses on disposal of financial instruments" in the first half of 2021 and 2020 is as follows:

| | Thousands of Euros | |
|--|--------------------|------------------|
| | 30/06/2021 | 30/06/2020 (*) |
| Impairment of financial instruments | 10,504 | 113,430 |
| Gains or losses on disposal of financial instruments | 2,017 | 2,656 |
| Total | 12,521 | 116,086 |

(*) Restated unaudited.

17. Changes in the fair value of financial instruments

This heading includes the effect on the consolidated income statement of derivative instruments which do not meet the efficiency criteria provided in IAS 39, or which are not hedging instruments. The most significant effect in the first half of 2021 relates to the derivatives of ACS, Actividades de Construcción y Servicios, S.A. on ACS share options, which gave rise to a loss of EUR 57,183 thousand (a EUR 165,753 thousand loss in the first half of 2020), as described in Note 11. In addition, this heading includes the negative effect associated with derivatives on ACS shares (forward contracts for difference), which led to a loss of EUR 68,704 thousand (EUR 83,787 thousand in profit in the first half of 2020 corresponding to reverse collars).

In addition, the first half of 2020 includes the effect of changes in the value of the shares in Masmovil, which led to a profit of EUR 7,560 thousand (see Note 10.01).

18. Related party transactions and balances

The following information relating to transactions with related parties is disclosed in accordance with the Spanish Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, and applied through the Spanish National Securities Market Commission.

19. Transactions between individuals, companies or Group entities related to Group shareholders or directors

The transactions performed during the first half of 2021 are as follows:

| June 2021 Related transactions Management or collaboration contracts | Directors and executives | Other related parties | | | Total |
|---|--------------------------|-----------------------|------------|------------|------------|
| | | Fidalsar, S.L. | Others | Total | |
| Thousands of Euros | | | | | |
| Leases | — | — | — | — | — |
| Services received | — | 28 | 1 | 29 | 29 |
| Expenses | — | 28 | 1 | 29 | 29 |
| Services rendered | — | — | 103 | 103 | 103 |
| Income | — | — | 103 | 103 | 103 |

| June 2021 Related transactions Other transactions | Other related parties | | |
|--|-----------------------|------------------|---------|
| | Banco Sabadell | Fapin Mobi, S.L. | Total |
| Thousands of Euros | | | |
| Financing agreements: loans and capital contributions (lender) | 415,452 | — | 415,452 |
| Dividends and other profit distributed | — | 313 | 313 |

The transactions carried out during the first half of 2020 were as follows:

| June 2020 Related transactions Management or collaboration contracts | Other related parties | | | Total |
|---|-----------------------|----------------|------------|------------|
| | Fidalsar, S.L. | Vedelobo, S.L. | Others | |
| Thousands of Euros | | | | |
| Leases | 40 | — | — | 40 |
| Services received | 68 | 10 | — | 78 |
| Expenses | 108 | 10 | — | 118 |
| Services rendered | — | 32 | 108 | 140 |
| Income | — | 32 | 108 | 140 |

| June 2020 Related transactions Other transactions | Other related parties | | |
|--|-----------------------|------------------|---------|
| | Banco Sabadell | Fapin Mobi, S.L. | Total |
| Thousands of Euros | | | |
| Financing agreements: loans and capital contributions (lender) | 446,171 | — | 446,171 |
| Dividends and other profit distributed | — | 267 | 267 |

At 30 June 2021 the outstanding balance payable to Banco Sabadell in respect of overdrafts and loans granted to ACS Group companies was EUR 290,708 thousand (EUR 316,530 thousand at 31 December 2020). According to the information available in the ACS Group companies, transactions with said bank at 30 June 2021 totalled EUR 79,605 thousand in respect of guarantees (EUR 234,046 thousand at 31 December 2020) and EUR 35,122 thousand in respect of "reverse factoring" operations with suppliers (EUR 52,407 at 31 December 2020).

The transactions with other related parties are listed due to the relationship of certain board members of ACS, Actividades de Construcción y Servicios, S.A. with companies in which they are either shareholders or senior executives. In this regard, the transactions with Fidalsar, S.L. and Fapin Mobi, S.L. are listed due to the relationship of the Board Member, Pedro Lopez Jimenez, with these companies. The transactions with Banco Sabadell are listed due to the bank's relationship with the Board Member Javier Echenique.

"Other transactions" included all transactions not related to the specific sections included in the periodic public information reported in accordance with the regulations published by the CNMV.

All these commercial transactions were carried out on an arm's length basis in the ordinary course of business and relate to the normal transactions of the Group companies.

Transactions between companies forming part of the consolidated ACS Group were eliminated in the consolidation process and formed part of the ordinary business conducted by said companies in terms of their purpose and contractual conditions. Transactions are carried out on the arm's length basis and disclosure is not required to present a true and fair image of the Group's equity, financial situation and results.

20. Board and Senior Management

20.01 Remuneration of the Board

During the half-yearly periods ended on 30 June 2021 and 2020, the Board Directors of ACS, Actividades de Construcción y Servicios, S.A. received the following remuneration either as members of the boards of directors of the Parent and the Group companies or as senior executives of Group companies.

| | Thousands of Euros | |
|---|--------------------|--------------|
| | 30/06/2021 | 30/06/2020 |
| Remuneration for membership of the Board and / or Commissions | 1,876 | 1,913 |
| Wages | 2,785 | 3,199 |
| Variable cash remuneration | 2,998 | 2,662 |
| Total | 7,659 | 7,774 |

An amount of EUR 139 thousand was charged to the consolidated income statement in relation to share options granted to members of the Board of Directors with executive duties in 2018 (EUR 229 thousand in the first half of 2020). This amount relates to the proportion of the value of the plan at the date on which it was granted.

The amounts paid to the members of the Board of Directors relating to mutual funds, pension plans, and life insurance are as follows at 30 June 2021 and 2020:

| | Thousands of Euros | |
|---------------------------|--------------------|--------------|
| | 30/06/2021 | 30/06/2020 |
| Long-term savings systems | 1,634 | 1,355 |
| Other concepts | 18 | 18 |
| Total | 1,652 | 1,373 |

The ACS Group has not granted any balances, advances, loans or guarantees to any of the board members at 30 June 2021 and 2020.

20.02. Remuneration of senior executives

The remuneration of the Group's senior executives, who are not executive directors, for the periods ended 30 June 2021 and 2020, was as follows:

| | Thousands of Euros | |
|--|--------------------|------------|
| | 30/06/2021 | 30/06/2020 |
| Salary remuneration (fixed and variable) | 15,422 | 18,277 |
| Pension plans | 1,359 | 1,280 |
| Life insurances | 26 | 30 |

The decrease in the amounts from year to year is due to the change in the senior management. The amounts recognized in the consolidated income statement in the first half of 2021 as a result of the share options granted to the Group's Senior Management, in July 2018, amounted to EUR 2,097 thousand (EUR 2,007 thousand in the first half of 2020) and are not included in the aforementioned remuneration. Similarly, as indicated in the case of directors, these amounts relate to the proportion of the value of the plan on the date it was granted.

No member of the Senior Management has any balances, advances or loans granted by the ACS Group, or guarantees made by the ACS Group to them at 30 June 2021 and 2020.

20.03. Share-based payment systems

ACS

On 25 July 2018, The Board of Directors of ACS, Actividades de Construcción y Servicios, S.A., in application of the authorizations granted by the Company's General Shareholders' Meetings held on 28 April 2015 and 4 May 2017, and after a favourable report of the Remuneration Committee held on the same date,

decided to establish an stock option plan of ACS, Actividades de Construcción y Servicios, S.A. (2018 Options Plan), governed by the following terms and conditions:

- a. The number of shares subject to the option plan will be a maximum of 12,586,580 shares, of EUR 0.50 par value each.
- b. The beneficiaries are 271 executives with options from 500,000 to 200,000.
- c. The acquisition price will be EUR 37.170 per share. This price will change by the corresponding amount should a dilution take place.
- d. The options may be exercised in two equal parts, cumulative if the beneficiary so wishes, during the fourth and fifth years after 1 July 2018, inclusive. However, in the event that an employee is terminated without just cause or if it is the beneficiary's own will, the options may be exercised proportionately six months following the event in question in the cases of death, retirement, early retirement or permanent disability, and after 30 days in all other cases.
- e. For the execution by each beneficiary of the options that have been assigned to them, it will be required that the operational, financial and sustainability-related performance of the ACS Group during the period 2018- 2021 exceed the average parameters of the main comparable companies on the market and, for this purpose, a selection has been made of the listed companies that compete in the same markets as the ACS Group (Europe, the Americas and Australia), with capitalization greater than EUR 1,000 million and whose international sales exceed 15% of their total revenue. In order for the options to be exercisable by the beneficiaries, the following two criteria are established, one of which is financial in character and the other non-financial, and with different weightings:
 1. A financial criterion with a weighting of 85%: ROE: The objective set is to exceed average profitability in the sector over the period 2018-2020. If the ACS figure exceeds the sector average, 100% of the options foreseen will be allocated. If the ACS figure does not exceed the 25th percentile of the sector sample, 50% of the options will be allocated, with intermediate positions weighted proportionally between 50% and 85%. This criterion has already been met, as ACS's average ROE for 2018-20 was 19.6% compared to 10.5% for the adjusted sector average (excluding loss-making companies).
 2. A non-financial criterion with a weighting of 15%: Sustainability: The objective set is to exceed for at least two years the 60th percentile in the world ranking table produced annually by RobecoSAM for the DowJones Sustainability Index. This criterion has also been met, as ACS has been included in the DJSI World index for the last two years.
 3. Tax withholdings and the taxes payable as a result of exercising the share options will be borne exclusively by the beneficiaries.

The stock market price of ACS shares at 30 June 2021 and 31 December 2020 was EUR 22.590 and EUR 27.150 per share, respectively.

HOCHTIEF

Within the Hochtief Group there are also share-based payment remuneration systems for the group's management. All of these stock option plans form part of the remuneration system for senior executives of Hochtief, and long- term incentive plans. To hedge the risk of exposure to changes in the market price of the Hochtief shares, it has a number of derivatives which are not considered to be accounting hedges.

21. Contingent liabilities

In the course of its activities, the ACS Group is subject to contingent liabilities of various types which arise from litigation or administrative proceedings. It is reasonable to consider that these will not have a material effect on the economic and financial situation or on the solvency of the Group, and provisions have been made insofar as they may have a material adverse effect.

Both the investment of ACS Group in Alazor (highways R3 and R5) and the accounts receivable for Alazor, have been fully provided for in the Condensed Consolidated Half-yearly Financial Statement of the ACS Group for 2020 and 2019, and also at 30 June 2021.

With regard to the complaint for declaratory judgment filed by the financial institutions and notified to the shareholders in October 2013, it should be noted that, after withdrawing in September 2018 the appeal they had filed against the rejection thereof, the funds acquiring the loans filed a new complaint for declaratory judgment, which has been notified to ACS, Actividades de Construcción y Servicios, S.A. and Desarrollo de Concesiones Viarias Uno, S.L. in the month of January 2019, in which they invoke clause two of the Shareholders' Support Agreement to claim payment of EUR 757 million from the shareholders of Alazor and their respective guarantors (EUR 169 million would correspond to the ACS Group). After the response to the claim was submitted and the corresponding preliminary hearing held (which took place on 8 March 2021), Madrid Court of First Instance no. 13 set 29 November 2021 as the date for the trial.

With regard to the executive complaint notified in February 2014, based on clause four (viii) of the Shareholders' Support Agreement, after the enforcement order was rendered null and void and the EUR 278.37 million deposited in the Court's account (of which EUR 87.85 million correspond to the ACS Group) were returned, the Shareholders have claimed the damages caused. In view of the opposition of the funds, Madrid Court of First Instance no. 51 has appointed a court-appointed expert and held a trial on 10 March 2021, issuing a ruling on 11 March 2021 upholding the claims of the Shareholders, recognising a total compensation of EUR 26.19 million (EUR 11.03 million corresponding to the ACS Group) and ordering the funds to pay the costs. The Funds have filed an appeal for reconsideration against this ruling in the Madrid Provincial Court of Appeals.

Invoking the same contractual clause that gave rise to the complaint for declaratory judgment, the funds have filed a second claim, this time declaratory, of which ACS, Actividades de Construcción y Servicios, S.A. and Desarrollo de Concesiones Viarias Uno, S.L. were notified in May 2019, whereby they claim the payment of EUR 562.5 million from Alazor shareholders and their respective guarantors (EUR 133 million would be for the ACS Group). After Madrid Court of First Instance no. 26 held the preliminary hearing (on 16 December 2020) and the corresponding trial on 2 June 2021, the case has been sent for judgment.

In relation to the ACS Group's investment in Irasa (R2 highway), it should be noted that in September 2019 ACS, Actividades de Construcción y Servicios, S.A., and Desarrollo de Concesiones Viarias Uno, S.L. were notified that the creditor funds had filed a declaratory judgment action in which, invoking clause two of the Shareholders' Commitment Agreement, they demanded payment from the shareholders of Irasa and their respective guarantors of a total of EUR 551.50 million (EUR 193 million would correspond to the ACS Group) to cover construction and expropriation costs. After the response to the claim was submitted, the Court of First Instance no. 37 of Madrid scheduled the preliminary hearing for 7 February 2022 and the trial for 23 May 2022.

The insolvency proceedings of **Henarsa, Irasa, Accesos de Madrid and Alazor** were all declared to be unforeseen. The Henarsa and Accesos de Madrid bankruptcy administrations handed over the operation of the R2, R3 and R5 highways to the State in documents dated 28 February and 9 May 2018, respectively, and they are being managed by the Ministry of Development through the SEITTSA, under an agreement signed in August 2017 which has been extended until 2022.

In relation to the concession agreement of the Lima Metro Line 2 Project in Peru, on 16 January 2017, the concessionaire Metro de Lima Línea 2, S.A. (in which Iridium Concesiones de Infraestructuras S.A. holds a 25% stake) filed an application for arbitration against the Republic of Peru (Ministry of Transport and Communications) before the International Centre for the Settlement of Investment Disputes between States and Nationals of other States (ICSID) for serious breach by the Republic of Peru in the concession agreement mainly consisting of: (i) the non-delivery of the Concession Area in the terms and conditions

established in the concession agreement, and (ii) the lack of approval and delayed approval of the Detailed Engineering Studies.

In 2018, several briefs were filed requesting an extension of the term of execution of the Project works and compensation for damages in excess of USD 700 million, which include damages incurred by different participants in the Project (concessionary, construction group, rolling stock supplier, etc.). The Republic of Peru has dismissed the claims made and has included a counterclaim against the concessionaire company claiming an amount in excess of USD 700 million for socio-economic and environmental damage.

Both the claim brought by the concessionaire against Peru and the counterclaim by Peru against the concessionaire have been consolidated into a single arbitration process in ICSID. The process has followed its normal course: in the first half of May 2019, the evidentiary hearing was held in Washington, where various witnesses gave their testimony, two rounds of briefs were presented during June and July 2019 in relation to issues raised during the evidentiary hearing, and written conclusions were presented by both the concessionaire company and the State of Peru on 20 September 2019. On 6 July 2021, the Court handed down a partial award under its "Decision on Competition and Liability", which rejected the counterclaim by the Republic of Peru, and sustained practically all of the concessionaire's claims, pending handing down of the final award on the quantification of the damages and the costs of the proceeding. In particular, the Decision declared that (1) the Republic of Peru breached its obligation to deliver most of the Stage 1A Areas and all of the Stages 1B and 2 Areas on time; and (2) the Republic of Peru breached its contractual obligations regarding the procedure for supervising and approving the Detailed Engineering Studies, and that the Republic of Peru incorrectly exercised its duties to oversee the contract. As far as the damages for delay are concerned, the Court fully upheld the claim for damages for delay for Stages 2 and 1B, partially for Stage 1A. It will issue a court order instructing the expert witness to make additional calculations in view of the determinations included in the Decision. The damages award is expected to be handed down in the first half of 2022.

On 3 December 2015, the CNMC delivered a judgment in the proceedings against various companies, including Dragados, S.A., for alleged restrictive practices to competition in relation to the modular construction business. The amount of the decision, which totals EUR 8.6 million, it was the subject of an appeal filed during 2016. The Group's Management considers that its potential effect will not be significant.

On 1 October 2018, proceedings were opened against DRAGADOS and other companies for possible infringements of Article 1 of the Law on the Defence of Competition and Article 101 of the Treaty on the Functioning of the European Union, consisting of agreements and exchanges of information between these companies in the area of tenders called by the different Public Administrations in Spain, for the construction and refurbishment of infrastructures and buildings. On 16 July 2020, the aforementioned case was declared to have lapsed, although on 6 August 2020, notification was served of the initiation of a new case for the same facts as the lapsed case. On 16 September 2020, Dragados filed an appeal for judicial review against the resolution decreeing the lapse of the case, which was admitted for hearing on 9 October 2020 and the claim was filed on 16 December 2020. On 6 July 2021, the Competition Directorate of the CNMC notified a new proposed Resolution in the case, for which the corresponding filings are being prepared.

On 14 March 2019, the Spanish National Commission for Markets and Competition (CNMC) notified the Group's subsidiaries Cobra Instalaciones y Servicios, S.A., Sociedad Española de Montajes Industriales, S.A., Control y Montajes Industriales Cymi, S.A. and Electren, S.A. of its decision regarding its alleged participation in two Spanish cartels relating to public tenders for conventional and high-speed railway lines, imposing fines totalling EUR 51 million. In May 2019, each of these subsidiaries filed a contentious-administrative appeal against the resolution before the National High Court, requesting the precautionary suspension of the payment of the sanctions, which have been granted with the condition that a guarantee or payment deposit be submitted, with bonds paid to secure payment of the fines. To date, all of the companies have filed suit, and they are awaiting the corresponding responses to the claims. The Group, with the support of its legal advisers, considers that there are solid arguments that could lead to the nullity of the resolution.

On 1 October 2019, the Spanish National Commission for Markets and Competition (CNMC) issued a ruling in which it concluded that the Group's subsidiaries Mantenimiento y Ayuda a la Explotación y Servicios S.A. ("MAESSA"), Mantenimiento y Montajes Industriales, S.A. ("MASA") and Moncobra, S.A. had allegedly taken part, together with other companies, in a cartel in Spain consisting of price fixing and the distribution of tenders for the provision of industrial assembly and maintenance services, imposing financial penalties totalling EUR 18 million. Moncobra has not been financially sanctioned because it was considered that the alleged infringement is time-barred. During the month of May 2019, each of these subsidiaries filed a contentious-administrative appeal against the resolution before the National Court of Appeals, requesting the precautionary suspension of the payment of the sanctions in the MASA and MAESSA appeals, which have been granted with the condition that a guarantee or payment deposit be paid, which was effectively done. To date, both Maessa and Moncobra have filed suit, although Masa's is still pending, which will be filed in the coming days. The Group, with the support of its legal advisers, considers that there are solid arguments that could lead to the nullity of the resolution, and with regard to Moncobra's, to it also being time-barred.

In relation to the sanctions file S/DC/0614/17, Railway Safety and Communications, initiated on 27 August 2018 against Cobra Instalaciones y Servicios S.A. ("Cobra") by the Competition Directorate of the CNMC. The object of this sanctions file includes the possible participation by Cobra in the distribution of tenders for the supply, installation, commissioning and maintenance of safety, traffic control and management, communications and railway protection systems for the conventional and high-speed railway network in Spain. On 26 March 2021, a motion for a resolution was submitted, and a written statement of submissions was filed on 26 April 2021. The Group, with the support of its legal advisers, considers that there are solid arguments that will allow the charges against Cobra to be dismissed.

API Movilidad, S.A. ("API"), in relation to sanctions file S/DC/0013/19, Highway Upkeep, opened on 15 July 2019 by the Competition Directorate of the CNMC against API in relation to activities carried out in the sector of the provision of road maintenance and operation services. Likewise, ACS and the corresponding parent companies of the companies in question have also been charged. The object of this sanctions file includes the possible participation by API in anti-competitive practices consisting of the distribution of tenders for the provision of maintenance and operation services for the National Road Network called by the Ministry of Public Works. In January 2021, API filed the corresponding submissions for the statement of objections sent by the CNMC. On 7 May 2021, the Resolution Proposal of the Competition Directorate was notified, and the submissions were filed on 28 May 2021. The Group, with the support of its legal advisers, considers that there are solid arguments that could lead to the nullity of the resolution.

APPENDIX I

CHANGES IN THE SCOPE OF CONSOLIDATION

The main companies included in the scope of consolidation are as follows:

Humiclíma Grenada, Ltd.
 Road Management Services Operations Ltd (A13)
 Cobra Tecton Private Limited
 Libergia, S.L.
 Aratel Energías Renovables, S.L.
 Parking libre sistema de reservas, S.L.
 Richards Bay Gas Power 2 Pty
 Dragados Norge AS
 Via6West Betriebsverwaltungsgesellschaft mbH
 Pulice / FNF / Flatiron JV
 Structure Tone - Turner JV
 Rail & Truck Strait Union, S.L.
 Villonacoenergy, S.A.
 Ingwepath Pty
 Istofon Pty
 AMR 1 Energías Renovables, S.L.
 AMR 2 Energías Renovables, S.L.
 AMR 3 Energías Renovables, S.L.
 AMR 4 Energías Renovables, S.L.
 AMR 5 Energías Renovables, S.L.
 Dunas Transmissão de Energia, S.A.
 AMR 6 Energías Renovables, S.L.
 AMR 7 Energías Renovables, S.L.
 AMR 8 Energías Renovables, S.L.
 AMR 9 Energías Renovables, S.L.
 AMR 10 Energías Renovables, S.L.
 AMR 11 Energías Renovables, S.L.
 AMR 12 Energías Renovables, S.L.
 AMR 13 Energías Renovables, S.L.
 Vive Energía Suministro SAPI de CV
 Proyecto Zirconio, S.L.
 Proyecto Mendelerio, S.L.
 Proyecto Estroncio, S.L.
 Proyecto Tantalio, S.L.
 Proyecto Holmio, S.L.
 Proyecto Berilio, S.L.
 Proyecto Selenio, S.L.
 Proyecto Francio, S.L.
 Proyecto Rubidio, S.L.
 Proyecto Flerovio, S.L.
 StarCare Limited
 Prefolio Securitisation S.a.r.l
 Nexlore Technology S.L.
Alloy Fab Pty Ltd
 Capstone Infrastructure Finance Pty Ltd
 Icc Mining Pty Ltd
 Industrial Composites Engineering Pty Ltd
 Innovative Asset Solutions Group Ltd
 Jet-Cut Pty Ltd

UGL Solutions Pty Limited
 Bintai - Leighton JV
 CPB Ghella UGL JV
 Turner UJAMAA Atlanta Airport JV

The main companies no longer included in the scope of consolidation are as follows:

Electren USA Inc.
 Etar da guia ACE
 Grafic Planet Digital, S.A.U.
 Transmissora José Maria de Macedo de Electricidade, S.A.
 Cobra Energy
 Cobra Azerbaiyan LLC
 Iridium Colombia Concesiones Viarias SAS
 Iridium Colombia Desarrollo de Infraestructuras
 Parque Eólico Tadeas, S.L.
 Turner/Ozanne
 Turner Regency
 Turner/Commercial/Mahogany Tri-Venture
 BE&K - Turner
 Turner-Arellano Joint Venture
 Turner/Smoot
 Turner/Goodfellow Top Grade/Flatiron
 Turner Executive CNA Joint Venture
 Cmena No. 1 Pty Limited
 Inspection Testing And Certification Pty Ltd
 Olympic Dam Maintenance Pty Ltd
 Railfleet Maintenance Services Pty Ltd
 United Goninan Construction Pty Ltd
 United Group Infrastructure (Services) Pty Ltd
 United Group International Pty Ltd
 United Group Melbourne Transport Pty Ltd
 United Group Water Projects (Victoria) Pty Ltd
 United Group Water Projects Pty Ltd
 United Kg Construction Pty Ltd
 United Kg Engineering Services Pty Ltd
 United Kg Maintenance Pty Ltd
 BIC Contracting LLC
 BIC Wooden Decor Products Manufacturing LLC
 Gulf Leighton LLC
 Leighton Contracting (Abu Dhabi) LLC
 BIC Auto Service Centre LLC
 Leighton Middle East Contracting LLC (KSA)
 Leighton Middle East LLC (Oman)
 Building Infrastructure Contracting WLL
 Leighton Contracting WLL – Qatar
 Habtoor Murray Roberts (HMR)
 Landmark
 Vias Canada Inc.
 Semi Engineering and Construction Corporation
 Humiclíma USA Inc.
 Humiclíma Haiti, S.A.
 Brilhante Transmissora de Energias, S.A.
 Brilhante Transmissora de Energias 2, S.A.

Familia Concilia Servicios para el Hogar, S.L.
Continental Rail, S.A.
Construrail, S.A.
Sicsa Rail Transport, S.A.
Rail & Truck Strait Union, S.L.
Leighton Companies Management Group Llc
Leighton Contractors (Philippines), Inc.
Leighton Contractors Asia (Cambodia) Co., Ltd
Leighton Services Uae Co Llc
Mtct Services Pty Ltd
Thai Leighton Limited
Metacon Technology Solutions, LLC
LightHorse Innovation Corporation (Formerly: 1887719 Alberta Ltd.)
Mideast Construction Services, Inc.

Individual Financial Statements

Basis of the presentation of the selected individual financial information

Accounting standards applied

The Selected Individual Financial Information (hereinafter, the selected financial information) has been prepared in accordance with current commercial laws and the Spanish National Chart of Accounts approved by Royal Decree 1514/2007 of 16 November, and its subsequent amendments, adapted to the summary models provided in Royal Decree 1362/2007 and in accordance with Circular 5/2015 of 28 October, of the Spanish National Securities Market Commission [CNMV - Comisión Nacional del Mercado de Valores].

This Selected Financial Information does not include all the information required to complete the individual financial statements in accordance with generally accepted accounting principles and standards under Spanish law. In particular, the attached Selected Financial Information has been prepared with the content necessary to comply with the requirements for selected individual financial information set forth in the second rule of Circular 1/2008 for those cases in which the issuer may be compelled, in accordance with the applicable law, to prepare the Consolidated Annual Accounts in the report which it is submitting. Consequently, the selected financial information must be read together with the Company's Annual Accounts for the year ended 31 December 2020 and together with the Condensed Consolidated Half-yearly Financial Statement for the period from 1 January 2021 to 30 June 2021.

In relation to the preparation of the selected individual financial information pursuant to the consultation published by the Institute of Accounting and Accounts Auditing [ICAC - Instituto de Contabilidad y Auditoría de Cuentas] in its Official Gazette, issue number 79, September 2009, we highlight that consideration forms part of the net turnover, the dividends received, and the interest accrued from the financing granted to the investee companies.

The breakdown of the individual turnover is as follows:

| | Thousands of Euros | |
|---|--------------------|----------------|
| | 30/06/2021 | 30/06/2020 |
| Dividends from Group companies and Associates | 515,946 | 592,542 |
| Services rendered | (40) | 57 |
| Total | 515,906 | 592,599 |

This Selected Individual Financial Information has been prepared with reference to the publication of the semi-annual financial report required under section 35 of the Securities Market Act 24/1998 dated 28 July [Ley del Mercado de Valores], implemented by Royal Decree 1362/2007 of 19 October.

Declaration of responsibility

The directors declare that, to the best of their knowledge, the condensed semi-annual accounts presented for the six-month period ended on 30 June 2021, have been prepared in accordance with the applicable accounting principles, provide a true image of the equity, financial position and income of ACS, Actividades de Construcción y Servicios, S.A., and that of the companies included in the consolidation as a whole, and that the management report contains a true analysis of the required information.

Date of Declaration: 27 July 2021.

| | |
|---|---|
| Florentino Pérez Rodríguez (Chairman and CEO) | Antonio García Ferrer (Vice Chairman) |
| Agustín Batuecas Torrego (Board Member) | Antonio Botella García (Board Member) |
| Javier Echenique Landiribar (Board Member) | Carmen Fernández Rozado (Board Member) |
| Emilio García Gallego (Board Member) | Joan-David Grimá i Terré (Board Member) |
| Mariano Hernández Herreros (Board Member) | Pedro José López Jiménez (Board Member) |
| Catalina Miñarro Brugarolas (Board Member) | María Soledad Pérez Rodríguez (Board Member) |
| Miguel Roca i Junyent (Board Member) | José Eladio Seco Domínguez (Board Member) |
| José Luís del Valle Pérez (Director and General Secretary) | |

Declaration of responsibility

The directors declare that, to the best of their knowledge, the condensed semi-annual accounts presented for the six-month period ended on 30 June 2021, have been prepared in accordance with the applicable accounting principles, provide a true image of the equity, financial position and income of ACS, Actividades de Construcción y Servicios, S.A., and that the management report contains a true analysis of the required information.

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