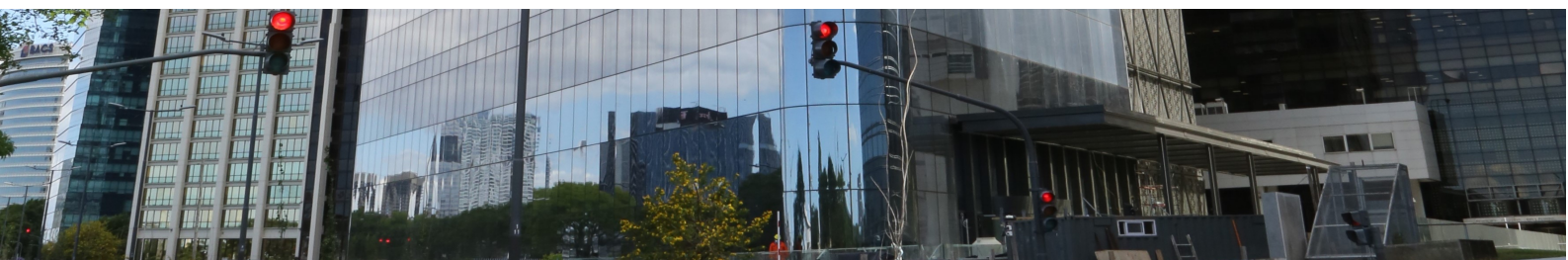




ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries

Condensed Consolidated Financial Statements for the year ended 31 December 2021



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ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021**

ASSETS	Note	Thousands of Euros	
		31/12/2021	31/12/2020
		(*)	
NON-CURRENT ASSETS		11,010,031	13,018,795
Intangible assets	02	3,279,412	3,659,179
Goodwill		2,672,253	2,863,053
Other intangible assets		607,159	796,126
Tangible assets - property, plant and equipment	03	1,464,868	1,764,077
Non-current assets in projects	04	72,853	406,151
Investment property		41,003	42,298
Investments accounted for using the equity method	05	4,524,229	4,479,551
Non-current financial assets	06	765,707	760,556
Long term deposits	06	987	283
Derivative financial instruments	11	11,577	17,847
Deferred tax assets	12	849,395	1,888,853
CURRENT ASSETS		24,654,314	24,314,925
Inventories	07	742,092	715,241
Trade and other receivables	06	8,380,356	10,498,289
Trade receivables for sales and services		6,686,487	8,500,244
Other receivable		1,400,815	1,762,431
Current tax assets		293,054	235,614
Other current financial assets	06 and 10.02	1,280,079	1,354,982
Derivative financial instruments	11	200,875	251,316
Other current assets		202,839	233,154
Cash and cash equivalents	06	11,253,419	8,080,808
Non-current assets held for sale and discontinued operations	01.04	2,594,654	3,181,135
TOTAL ASSETS		35,664,345	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 31 December 2021.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021

EQUITY AND LIABILITIES	Note	Thousands of Euros	
		31/12/2021	31/12/2020
		(*)	
EQUITY	08	7,028,203	4,275,907
SHAREHOLDERS' EQUITY		6,505,222	4,197,251
Share capital		152,332	155,332
Share premium		366,379	495,226
Reserves		3,633,014	3,608,699
(Treasury shares and equity interests)		(691,916)	(636,011)
Profit for the period of the parent		3,045,413	574,005
ADJUSTMENTS FOR CHANGES IN VALUE		(170,918)	(668,772)
Financial assets with changes in other comprehensive income		(6,847)	(27,547)
Hedging instruments		(73,150)	(159,383)
Translation differences		(90,921)	(481,842)
EQUITY ATTRIBUTED TO THE PARENT		6,334,304	3,528,479
NON-CONTROLLING INTERESTS		693,899	747,428
NON-CURRENT LIABILITIES		11,444,846	10,605,990
Grants		2,099	3,485
Non-current provisions	09	1,835,267	1,276,375
Non-current financial liabilities	10	8,717,354	8,370,036
Bank borrowings, debt instruments and other marketable securities		8,570,163	8,179,726
Project finance with limited recourse		51,069	73,318
Other financial liabilities		96,122	116,992
Long term lease liabilities	03	401,430	472,836
Derivative financial instruments	11	33,050	49,791
Deferred tax liabilities	12	227,112	320,488
Other non-current liabilities		228,534	112,979
CURRENT LIABILITIES		17,191,296	22,451,823
Current provisions		996,564	921,378
Current financial liabilities	10	1,808,491	2,885,808
Bank borrowings, debt instruments and other marketable securities		1,751,296	2,781,175
Project finance with limited recourse		18,472	16,123
Other financial liabilities		38,723	88,510
Short term lease liabilities	03	150,765	192,173
Derivative financial instruments	11	172,791	155,460
Trade and other payables		11,738,435	15,824,034
Suppliers		5,940,236	8,619,276
Other payables		5,637,192	6,983,515
Current tax liabilities		161,007	221,243
Other current liabilities		266,700	226,888
Liabilities relating to non-current assets held for sale and discontinued operations	01.04	2,057,550	2,246,082
TOTAL EQUITY AND LIABILITIES		35,664,345	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 31 December 2021.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Thousands of Euros	
		2021	2020
		(*)	(**)
REVENUE	13	27,836,658	29,304,697
Changes in inventories of finished goods and work in progress		19,437	(611)
Capitalised expenses of in-house work on assets		556	1,205
Procurements		(19,019,818)	(20,502,276)
Other operating income		105,529	344,443
Personal expenses		(6,239,286)	(6,777,423)
Other operating expenses		(1,680,762)	(1,747,791)
Depreciation and amortisation		(479,446)	(876,318)
Allocation of grants relating to non-financial assets and others		299	306
Impairment and gains on the disposal of non-current assets	16	(199,642)	1,077,070
Other results	16	(246,790)	1,921
Ordinary results of companies accounted for using the equity method	05	272,745	155,298
Financial income		102,555	143,030
Financial costs	14	(362,517)	(376,653)
Changes in the fair value of financial instruments	17	(91,821)	77,635
Exchange differences		24,858	(42,233)
Impairment and gains or losses on the disposal of financial instruments	16	14,267	111,411
Non-ordinary results of companies accounted for using the equity method	05	680	10,712
PROFIT BEFORE TAX	13	57,502	904,423
Income tax	12	(789,372)	(255,121)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		(731,870)	649,302
Profit after tax from discontinued operations	01.04.02	3,958,104	279,188
PROFIT FOR THE PERIOD		3,226,234	928,490
(Profit) / loss attributed to non-controlling interests		(169,481)	(319,455)
(Profit) / loss from discontinued operations attributable to non-controlling interests		(11,340)	(35,030)
PROFIT ATTRIBUTABLE TO THE PARENT		3,045,413	574,005

EARNINGS PER SHARE	Note	Euros per share	
		2021	2020
Basic earnings per share	01.11	10.74	1.95
Diluted earnings per share	01.11	10.74	1.95
Basic earnings per share from discontinued operations	01.11	13.91	0.83
Basic earnings per share from continuing operations	01.11	(3.18)	1.12
Diluted earnings per share from discontinued operations	01.11	13.91	0.83
Diluted earnings per share from continuing operations	01.11	(3.18)	1.12

(*) Unaudited.

(**) Restated unaudited.

The accompanying notes 01 to 21 and Appendix I are an integral part of the consolidated income statement for the year ended 31 December 2021.

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Thousands of Euros	
	2021 (*)	2020
(A) CONSOLIDATED RESULTS FOR THE PERIOD	3,226,234	928,490
(B) OTHER COMPREHENSIVE INCOME - ITEMS THAT ARE NOT RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD:	(3,817)	(28,968)
For actuarial gains and losses	32,173	(38,747)
Efecto impositivo	(35,990)	9,779
(C) OTHER COMPREHENSIVE INCOME - ITEMS THAT MAY BE RECLASSIFIED AFTER THE INCOME FOR THE PERIOD:	713,801	(506,982)
1. Hedging transactions:	45,324	19,601
Valuation gains/(losses)	24,666	4,863
Amounts transferred to the profit and loss account	20,658	14,738
2. Conversion differences:	389,614	(318,630)
Valuation gains/(losses)	162,223	(345,795)
Amounts transferred to the profit and loss account	227,391	27,165
3. Share in other comprehensive income recognized for investments in joint ventures and associates:	247,121	(200,082)
Valuation gains/(losses)	247,121	(200,082)
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:	74,042	(12,775)
Valuation gains/(losses)	74,118	(12,775)
Amounts transferred to the profit and loss account	(76)	—
6. Tax effect	(42,300)	4,904
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A + B + C)	3,936,218	392,540
Attributed to the controlling entity	3,542,392	246,907
Attributed to non-controlling interests	393,826	145,633

(*) Unaudited.

The accompanying notes 01 to 21 and Appendix I are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2021.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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	—	—	(14,703)	—	(312,395)	574,005	145,633	392,540
Capital increases (Note 01.10 and 08)	7,138	—	(7,138)	—	—	—	—	—
Capital reductions (Note 01.10 and 08)	(2,000)	—	2,000	—	—	—	—	—
Stock options	—	—	4,471	—	—	—	—	4,471
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 allotment rights from 2019 accounts (Note 01.10)	—	—	92,723	—	—	—	—	92,723
Acquisition of additional free allocation rights 2019 (Note 01.10)	—	—	(484,583)	—	—	—	—	(484,583)
Remaining allotment rights from 2019 accounts	—	—	287,464	—	—	—	—	287,464
To dividends	—	—	—	—	—	—	(248,819)	(248,819)
Treasury shares	(7,138)	(402,068)	(95,544)	(233,469)	—	—	—	(738,219)
Treasury shares through investees	—	—	(64,893)	—	—	—	(103,160)	(168,053)
Change in listed investees	—	—	(111,854)	—	—	—	(161,160)	(273,014)
Change in the scope of consolidation and other effects of a lesser amount	—	—	16,661	—	—	—	30,052	46,713
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	—	—	(875)	—	497,854	3,045,413	393,826	3,936,218
Capital increases (Note 01.10 and 08)	8,449	—	(8,449)	—	—	—	—	—
Capital Reductions (Note 01.10 and 08)	(3,000)	—	3,000	—	—	—	—	—
Stock options	—	—	4,471	—	—	—	—	4,471
Distribution of profit from the prior year:								
To reserves	—	—	574,005	—	—	(574,005)	—	—
Acquisition of free allocation rights against 2020 (Note 01.10)	—	—	(128,847)	—	—	—	—	(128,847)
Remaining allotment rights from 2020 accounts (Note 01.10)	—	—	73,131	—	—	—	—	73,131
Acquisition of additional free allocation rights 2020 (Note 01.10)	—	—	(359,064)	—	—	—	—	(359,064)
Remaining allotment rights from 2020 accounts	—	—	200,992	—	—	—	—	200,992
To dividends	—	—	—	—	—	—	(341,716)	(341,716)
Treasury shares	(8,449)	(128,847)	(279,051)	(55,905)	—	—	—	(472,252)
Treasury shares through investees	—	—	(2,390)	—	—	—	(2,186)	(4,576)
Change in the scope of consolidation and other effects of a lesser amount	—	—	(52,608)	—	—	—	(103,453)	(156,061)
Balance at 31 December 2021 (*)	152,332	366,379	3,633,014	(691,916)	(170,918)	3,045,413	693,899	7,028,203

(*) Unaudited.

The accompanying notes 01 to 21 and Appendice I are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2021.

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

		Note	Thousands of Euros	
			2021	2020
			(*)	(**)
A)	CASH FLOWS FROM OPERATING ACTIVITIES		203,141	1,141,688
1	Profit before tax		57,502	904,423
2	Adjustments for:		1,425,478	855,337
	Depreciation and amortisation		479,446	876,318
	Other adjustments to profit (net)	01.07	946,032	(20,981)
3	Changes in working capital		(1,303,175)	(704,399)
4	Other cash flows from operating activities:		23,336	86,327
	Interest paid	10	(386,596)	(424,990)
	Dividends received		466,765	739,532
	Interest received	01.07	108,976	133,527
	Income tax (paid) / received	12	(165,809)	(361,742)
B)	CASH FLOWS FROM INVESTING ACTIVITIES	02 and 03	3,397,643	292,311
1	Investment paid:		(690,715)	(1,704,176)
	Group companies, associates and business units		(202,327)	(486,643)
	Property, plant and equipment, intangible assets, projects and property investments		(386,207)	(876,461)
	Other financial assets		(102,181)	(341,543)
	Other assets		—	471
2	Divestment:	02 and 03	4,088,358	1,996,487
	Group companies, associates and business units		3,753,996	1,571,201
	Property, plant and equipment, intangible assets, projects and investment property		48,149	59,867
	Other financial assets		282,134	362,671
	Other assets		4,079	2,748
C)	CASH FLOWS FROM FINANCING ACTIVITIES		(770,952)	(1,059,358)
1	Equity instrument proceeds / (and payment):	01.07 and 08	(484,692)	(1,173,323)
	Acquisition		(493,055)	(1,193,042)
	Disposal		8,363	19,719
2	Liability instrument proceeds / (and payment):	10	272,034	1,904,473
	Issue		4,634,213	7,785,734
	Refund and repayment		(4,362,179)	(5,881,261)
3	Dividends paid and remuneration relating to other equity instruments:	01.10	(396,012)	(490,115)
4	Other cash flows from financing activities:		(162,282)	(1,300,393)
	Payment of operating lease principal		(232,214)	(379,716)
	Other financing activity proceeds and payables		69,932	(920,677)
D)	EFFECT OF CHANGES IN EXCHANGE RATES		342,779	(424,817)
E)	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		3,172,611	(50,176)
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		11,253,419	8,080,808
1. CASH FLOWS FROM OPERATING ACTIVITIES			(370,532)	264,356
2. CASH FLOWS FROM INVESTING ACTIVITIES			(149,403)	(18,138)
3. CASH FLOWS FROM FINANCING ACTIVITIES			718,252	(612,187)
NET CASH FLOWS FROM DISCONTINUED OPERATIONS			198,317	(365,969)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD				
Cash and banks			10,432,399	6,779,266
Other financial assets			821,020	1,301,542
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			11,253,419	8,080,808

(*) 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 year ended 31 December 2021.

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

Explanatory notes to the Condensed Consolidated Financial Statements for the year ended 31 December 2021

01. Introduction and basis of presentation for the Condensed Consolidated Financial Statements

ACS, Actividades de Construcción y Servicios, S.A. is a company incorporated in Spain in accordance with the Spanish Companies Act, and its registered office is at Avenida de Pío XII, 102, 28036 Madrid.

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, which make up the ACS Group. The Company is therefore obliged to prepare, in addition to its own Individual Annual Accounts, the Consolidated Annual Accounts for the ACS Group, which include subsidiaries, interests in joint ventures and investments in associates.

01.01. Basis of presentation and principles for consolidation

01.01.01. Basis of presentation

The Condensed Consolidated Financial Statements of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries (“the ACS Group”) for the year ended 31 December 2021 were approved by the directors of the Parent Company at its Board of Directors meeting held on 24 February 2022, 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 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 (EU-IFRS), which were authorised for issue on 31 March 2021 and approved by shareholders at the Annual General 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 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. The interim financial information therefore 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 31 December 2021, and the results of its operations, 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 year ended 31 December 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 herein. 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 the 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, put option granted to Elliott on the interest in Thiess, etc.) mentioned in Note 11.
- The useful life of the intangible assets and property, plant and equipment.
- The recoverability of deferred tax assets.
- The evaluation and analysis carried out by ACS Group Management in relation to the main implications that COVID-19 continues to have.
- The consideration of the sale of most of the Industrial Services Division as a discontinued operation.

Although these estimates were made on the basis of the best information available at the date of preparation of these Condensed Consolidated Financial Statements on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) 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 recognised in the same income statement line item as that in which the expense or income measured using the previous estimate had been previously recognised.

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

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

No errors were corrected in the Condensed Consolidated Financial Statements for the year ended 31 December 2021. There were also no significant changes in accounting policies.

01.01.02. Basis of consolidation

The basis of consolidation applied in 2021 are consistent with those applied in the Consolidated Annual Accounts for 2020.

Notwithstanding the above, as a result of the ongoing situation caused by the COVID-19 outbreak, raising questions about how markets will perform, the relevant accounting estimates and significant judgements in the preparation of these Condensed Consolidated Financial Statements are affected by a greater degree of uncertainty. Accordingly, the effects on the ACS Group's Condensed Consolidated Financial Statements 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 continues to have 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.

In Australia, as part of the Government's response to pressure from the Covid-19 delta variant, there were temporary closures during the third quarter of 2021 in New South Wales, Victoria and New Zealand. The financial expense includes the impacts of revenue and margin from the closings and are reflected in the financial expense for the year. The costs related to Covid-19 have been recovered from customers or mitigated through cost reduction strategies.

Although most of the ACS Group's operations were classified as essential services with a focus on business continuity, the coronavirus pandemic has affected contract activity, causing delays in the awarding of new works or services and a slowdown in revenue in all our activities, both in Spain and in the other countries where we operate.

To increase liquidity reserves during the Covid-19 pandemic, in 2020 the various ACS Group companies took out new credit facilities or drew down on the credit facilities in the different countries in which they operate. ACS, Actividades de Construcción y Servicios, S.A. had liquidity in excess of EUR 2,700 million in 2021. Likewise, in 2021 Hochtief and Cimic issued bonds with a term of 8 years in the amount of EUR 500 million and EUR 625 million, respectively, which strengthens the Group's liquidity position.

As the pandemic continues to develop, the ACS Group continues to monitor the impact that Covid-19 could have on operating and financial performance of the ACS Group's various divisions. 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 67,262 million, equivalent to approximately 26 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, already adopted in the European Union, came into force in 2021 and, where applicable, were used by the Group in these preparation of the Condensed Consolidated 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:
Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Benchmark Interest Rate Reform – Phase 2	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to the ongoing reform of benchmarks (second phase).	1 January 2021
Amendment to IFRS 4 Deferral of the application of IFRS 9	Deferral of the application of IFRS 9 to 2023.	
Amendments to IFRS 16 Leases. Improvements in income (published in March 2021)	Amendments to extend the planned deadline to apply the practical solutions for IFRS 9 lease improvements related to COVID-19.	1 April 2021 (*)

(*) Earlier implementation allowed.

With regard to IFRS 9, IAS 39 and IFRS 7, the IASB has modified certain requirements of hedging relationships to be able to continue to apply hedge accounting on 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 supply interest rates in the interbank market (IBOR indices). As at 31 December 2020, Phase I of this amendment was completed and was not significant 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 rates. In this

second phase, certain practical solutions, clarifications and exceptions are proposed with the aim of reflecting as best as possible the financial assets and liabilities, and lease liabilities in the financial statements of companies as a result of the IBOR reform.

The other rules have been applied without any significant impact on the figures presented or the presentation and disclosure of the information, either because they did not entail any material 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 Financial Statements, 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 Financial Statements or because they had not yet been adopted by the European Union:

Approved for use in the European Union		Mandatory application in the years from:
Amendment to IFRS 3 Reference to the Conceptual Framework (published in May 2020)	IFRS 3 is updated to align the definitions of assets and liabilities in a combination of businesses with those contained in the conceptual framework. In addition, certain clarifications are introduced regarding the recording of contingent liabilities and assets.	1 January 2022
Amendment to IAS 16 Revenue earned before intended use (published in May 2020)	The amendment prohibits deducting from the cost of an item of property, plant or equipment any income obtained from the sale of the articles produced while the entity is preparing the asset for its intended use. Revenue from the sale of such samples, together with production costs, must be recorded in 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 includes the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to the fulfilment of the contract.	
Improvements to the 2018–2020 IFRS Cycle (published in May 2020)	Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	

Not approved for use in the European Union		Mandatory application in the years from:
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
Amendments to IAS 1 Disclosure of accounting policies (published in February 2021)	The amendments will help to correctly identify information about material accounting policies that need to be disclosed in the Financial Statements.	
Amendment to IAS 8 Definition of accounting estimates (published in February 2021)	The amendments and clarifications will help to identify changes in accounting estimates.	
Amendment to IAS 12 Deferred tax assets and liabilities resulting from a single transaction (published in May 2021)	Clarifications regarding how to record the deferred tax generated from operations such as leases and decommissioning obligations.	
IFRS 17 Insurance contracts and amendments thereto (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 insurance contracts have on the financial statements.	

The directors do not expect any significant impact from the introduction of this amendment or from those summarised in the table above that have been published but have not come into force, as they are prospective applications, changes in presentation and disclosure and/or deal with aspects that are not applicable or not significant to the Group's operations.

01.03. Comparative information

The information contained in these Condensed Consolidated Financial Statements of the ACS Group for the year ended 31 December 2020 is presented solely for comparative purposes with each item in the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for 2021. The effects of Covid-19 should be taken into account when comparing the information (see Note 01.01.03). As a result of the sale of most of the Industrial Services Division to Vinci, described in Note 01.04.02, the comparative information for 2020 included together with the consolidated income statement and the consolidated statement of cash flows differs from that included in the half-yearly financial statements and the Annual Accounts of 31 December 2020 authorised for issue on 31 March 2021 (see Note 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 Group's last Consolidated Annual Accounts for 2020.

The ACS Group's Consolidated Annual Accounts for 2020, (IFRS 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 related to non-current assets held for sale and discontinued operations

01.04.01. Non-current assets held for sale, liabilities related to non-current assets held for sale and discontinued operations

2021 Financial Year

At 31 December 2021, non-current assets held for sale related mainly to those belonging to the Industrial business segment, which have not been included in the public deed of sale for most of the Industrial Services Division signed with Vinci (see Note 01.04.02) effective as of 31 December 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. It should be noted that the assets, which were classified as held for sale at 31 December 2021, were held in this category for a period of more than 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 that were previously considered unlikely, the assets were actively sold at a reasonable price, they fulfil the requirements undertaken by Management and there is a high probability that the sale will occur within one year from the balance sheet date.

In 2021 the total value of the non-current assets held for sale decreased to EUR 586,481 thousand and the liabilities related to these assets decreased to EUR 188,532 thousand. This decrease is mainly due to the sale of the assets and liabilities of the Industrial Services business as indicated in Note 01.04.02, as well as the deconsolidation of BICC in 2021 (see Note 01.04.02).

The breakdown of the main assets held for sale and liabilities related to these assets at 31 December 2021 is as follows:

	Thousands of Euros		
	31/12/2021		
	Renewable energy	Other	Total
Tangible assets - property, plant and equipment	1,569,248	45,657	1,614,905
Intangible assets	1	3,875	3,876
Non-current assets in projects	—	—	—
Financial Assets	20,747	521,334	542,081
Deferred tax assets	92,264	560	92,824
Other non-current assets	—	64,164	64,164
Current assets	125,419	151,385	276,804
Assets held for sale	1,807,679	786,975	2,594,654
Non-current liabilities	1,121,030	619,341	1,740,371
Current liabilities	234,867	82,312	317,179
Liabilities relating to assets held for sale	1,355,897	701,653	2,057,550
Non-controlling interests held for sale	9,596	2,996	12,592

“Other” includes assets related to desalination plants, transmission lines, gas compression plants and wastewater treatment plants related to the Industrial Services business as well as the assets held for sale from Cimic.

Furthermore, a 5% interest in Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V. was acquired in 2021, thereby obtaining control over the company, which is now fully consolidated instead of recognised using the equity method. Therefore, all assets and liabilities were restated at the fair value of the purchase and income was recognised under “Impairment and gains or losses on disposal of non-current assets” in the income statement (see Note 16). In addition, the Company sold its 50% interest held in the following transmission lines: Transmissora José Maria de Macedo de Electricidade, S.A., Giovanni Sanguinetti Transmissora de Energia, S.A., Veredas Transmissora de Electricidades, S.A., Sete Lagoas Transmissora de Energia, Ltda, Brilhante Transmissora de Energias, S.A. and Brilhante Transmissora de Energias 2, S.A. in Brazil, as well as all the photovoltaic plants of Bonete Fotovoltaica 1, S.L.U. and Central Solar Termoeléctrica de Cáceres, S.A.U. and Parque Eólico Las Tadeas, S.L. (see Note 16).

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 authorisations and, therefore, has classified these assets under “Non-current assets held for sale” and “Liabilities related to non-current assets held for sale”.

The amount relating to net debt included under assets held for sale and liabilities related to these assets at 31 December 2021 totalled EUR 1,592,943 thousand (EUR 1,263,428 thousand at 31 December 2020), of which EUR 1,141,290 thousand (EUR 995,363 thousand at 31 December 2020) relates to renewable energies, and EUR 451,653 thousand (EUR 268,065 thousand at 31 December 2020) to other assets. The total amount of this net debt includes EUR 522,255 thousand (EUR 524,269 thousand at 31 December 2020) corresponding 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 cash equivalents.

2020 Financial Year

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

The breakdown of the main assets held for sale and liabilities related to these assets 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

In 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 located in Spain (see Note 01.08).

This agreement was amended in July 2020 with the creation of a joint venture that grouped together the projects already in operation and an initial package of those that were under development, of which Galp acquired a 75.01% interest for between EUR 300 million and EUR 350 million, while the ACS Group maintains a 24.99% interest with a joint 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), consisting of the sale of shares representing 75% of the company's share capital, which focuses its investment on photovoltaic energy projects in Spain, both those currently in operation and those expected to be developed and operational starting from 2020 through to 2023. This represents a total installed capacity of 2,930 MW and an initial disbursement by Galp of EUR 325 million.

The total value of the company, once all the projects have been completed, is estimated at some EUR 2,200 million, with total net profit for the Group of approximately EUR 330 million, of which EUR 250 million was collected in 2019.

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

The income and expenses recognised under “Adjustments for changes in value” in the consolidated statement of changes in equity, which relate to operations considered to be held for sale at 31 December 2021 and 2020, are as follows:

	Thousands of Euros		
	31/12/2021		
	Renewable energy	Other	Total
Exchanges differences	2,482	(18,005)	(15,523)
Cash flow hedges	(1,828)	—	(1,828)
Adjustments for changes in value	654	(18,005)	(17,351)

	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 an indirect interest of 45% through Cimic in BIC Contracting LLC (BICC), a company based in Dubai (United Arab Emirates), the carrying amount of which at 31 December 2021 and 2020 was zero.

On 15 February 2021, Cimic announced that it had signed a sale agreement with a third party outside the Group (SALD Investment LLC) for the sale of Cimic’s investment in the Middle East. SALD, a private sector investment firm based in the UAE, will purchase Cimic’s 45% interest in BICC. The remaining 55% of BICC not held by Cimic will also be acquired by SALD. The sale encompasses all of Cimic’s investments in the Middle East. Upon completion of the transaction, SALD will own all of BICC’s businesses in the UAE, Qatar, Oman and Saudi Arabia.

The process of completing the transaction is still ongoing. It is subject to compliance with certain conditions precedent, which includes obtaining all approvals for the transfer. As part of the process of completing this sale, the directors representing Cimic were replaced by representatives of SALD on 17 May 2021 and SALD was also granted the power to manage the company. The sale of the Qatar-based business was completed in 2021.

Although Cimic has reached an agreement with the buyer to contribute a certain amount of funds to BICC, the transaction does not increase Cimic’s financial exposure to the Middle East. In the period up until 31 December 2021, a total of AUD 84.5 million (EUR 53.5 million) has been paid in relation to Cimic’s financial guarantees and other payments under the sale agreement. These amounts were financed with financial liabilities and other amounts payable recognised in the year ended 31 December 2020. The parties are continuing to work together to obtain the necessary permits and authorisations to close the sale.

Against this backdrop, the ACS Group assessed the probability of the sale of the shareholding, concluding that the requirements of IFRS 5 had been met at the end of 2021 and 2020 to consider this shareholding as a non-current asset held for sale.

Also, since BICC represents a specific geographical area of operations for the ACS Group (with no other permanent establishments in this area) and is a component that represents a specific geographical area of operations with significant figures, the ACS Group has considered BICC's operations to be a discontinued operation.

As a result of the sale transaction, BICC was no longer fully consolidated in the consolidated financial statements as of 2021, as all risks and rewards were transferred to the buyer and, from the date on which the agreement was signed, it therefore no longer had the power to direct the relevant activities of the company and no longer had the capacity or exposure to variable returns.

Assets and liabilities classified as held for sale are presented separately in the consolidated statement of financial position under "Non-current assets held for sale and discontinued operations" and "Liabilities related to non-current assets held for sale and discontinued operations". At 31 December 2020, assets amounted to EUR 828 million and liabilities to EUR 837 million. The assets held for sale and the liabilities related to assets held for sale were derecognised after the agreement was signed to purchase the investment in BICC on 15 February 2021 and the subsequent deconsolidation of the company as indicated above, whereby an interest was then recognised using the equity method, the carrying amount of which at 31 December 2021 was zero euros and is classified under "Non-current assets held for sale".

The carrying amount of the assets and liabilities of the business derecognised on 14 February 2021 are as follows:

	Millions of Euros	
	14/2/2021	31/12/2020
Non-current assets	103	104
Intangible assets	89	89
Property, plant and equipment	0	1
Investment property	14	14
Current assets	695	724
Non-current assets held for sale	798	828
Non-current liabilities	12	12
Non-current provisions	11	11
Non-current financial liabilities	1	1
Current liabilities	799	825
Liabilities associated with non-current assets held for sale	811	837

Profit after tax from discontinued operations was zero euros in 2021 (the cash consideration received was zero, non-cash consideration was zero, the carrying amount attributed to ACS in the sale was EUR -10 million and the reclassification from equity to the income statement was EUR 10 million euros, and transaction costs were zero. Consequently, the deconsolidation carried out in 2021 did not have a significant impact on profit. The cash and cash equivalents derecognised in the transaction amounted to EUR 11 million, resulting in an outflow of cash and cash equivalents for the same amount.

The expenses and income, as well as the cash flows from the business derecognised on 14 February 2021, are as follows:

	Millions of Euros	
	From 01/01/2021 to 14/02/2021	From 01/01/2020 to 31/12/2020
Revenue	10	139
Current expenditure	(14)	(59)
Financial results	—	(48)
Profit before tax	(4)	32
Tax expense	—	—
Profit after tax from discontinued operations	(4)	32
Profit attributable to non-controlling interests	4	(32)
Profit attributable to the parent company	—	—

	Millions of Euros	
	From 01/01/2021 to 14/02/2021	From 01/01/2020 to 31/12/2020
Net cash from/(used in) operating activities	(18)	(35)
Net cash from/(used in) investing activities	(11)	—
Net cash from/(used in) financing activities	14	10
Net cash flow for the year	(15)	(25)

Industrial Services

On 31 March 2021, the ACS Group and Vinci signed a binding agreement for the sale and purchase of most of the ACS Group's Industrial Services Division. The scope of the transaction includes, in addition to the engineering and construction activities, investments in eight concessions, or PPPs, mainly for energy projects as well as the development platform for new projects in the renewable energy sector. ACS will retain certain concessions, whereby the carve-out process has been underway prior to execution of the sale and purchase.

The consideration agreed in the transaction was broken down as follows:

- Upon completion of the sale and purchase, ACS will receive a minimum of EUR 4,930 million and a maximum of EUR 4,980 million. This payment is composed of a fixed payment of EUR 4,200 million and a minimum additional payment 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 determined on the basis of the results of the perimeter sold at the date of execution of the sale and purchase.
- A maximum variable payment of EUR 600 million in cash at a rate of EUR 20 million for each half GW generated by the Industrial Services Division (up to "Ready to build" status) between 31 March 2021 and up to 7 years following the execution of the sale and purchase, which may be extended for an additional 18 months if the Industrial Services Division sold fails to generate 6 GW in the first 42 months.
- In addition, both parties have undertaken to create a joint venture to which they will contribute, at market price and once they are completed, connected to the grid and ready to produce, all the renewable assets developed by the Industrial Services Division subject to the agreement at least eight and a half years after the execution of the sale and purchase. Vinci will hold 51% of the voting and dividend 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 these types of transactions, its execution included a condition precedent indicating that all the necessary authorisations had to be obtained, particularly with regard to competition. Likewise, as a result of signing the sale and purchase agreement, in addition to establishing the price of the transaction and the form of payment of the consideration, the scope of the companies to be included in the perimeter of the sale was concluded, and an assessment was carried out regarding any pending authorisations, which concluded that it was highly probable that these authorisations would be obtained, and they were classified as non-substantive conditions for accounting purposes, which is why the Group began to classify the assets and liabilities related to Industrial Services as non-current assets held for sale and liabilities related to non-current assets held for sale and its operations as discontinued operations.

In accordance with IFRS 5, considering that the “carrying amount will be recovered primarily through a sale transaction rather than through continuing use” since, upon signing the binding agreement, there is a commitment for both parties once an agreement has been reached on the most relevant aspects, such as financial terms, and it is not a mere non-binding offer as was the case up until the agreement was signed, which is why the assets and liabilities related to most of the Industrial Services Division were classified as non-current assets held for sale and liabilities related to non-current assets held for sale, prior to the effective sale. Given the size of the Industrial Services business being sold, which basically represents all of ACS’ operations and cash flows in this business and that can be separated from the rest of the Group’s operations, the decision was made to recognize the Industrial Services business being sold to Vinci as a discontinued operation as at 31 December 2021 under “Profit after tax from discontinued operations” in the ACS Group’s income statement for 2021. This means that the results for the previous year must be reclassified in the same way for comparison purposes, so that it is also shown in a separate line item in the ACS Group’s income statement at 31 December 2020.

Finally, the ACS Group and the Vinci Group signed, effective as of 31 December 2021, the public deed of sale for most of the ACS Group’s Industrial Services Division agreed on 31 March, with the carve-out process yet to be concluded for certain predetermined assets that the ACS Group will retain, which will be executed mainly in the coming months.

As consideration, the ACS Group received approximately EUR 4,902 million in cash (see Note 06.08). In addition, as a result of the maximum variable payment of EUR 600 million in cash at a rate of EUR 20 million for each half GW generated by the Industrial Services Division (up to “Ready to build” status) between 31 March 2021 and up to 7 years following the execution of the sale and purchase, which may be extended for an additional 18 months if the Industrial Services Division sold fails to generate 6 GW in the first 42 months, when determining the capital gain, the ACS Group considered an earn-out with a fair value of EUR 223 million, which had yet to be received as at 31 December 2021 and is recognised under “Non-current financial assets” in the consolidated statement of financial position as it is considered to mature in more than twelve months.

With this price, taking into account that the portion of the Industrial Services Division sold generated most of the tax benefits of the Tax Group in Spain, the ACS Group, in accordance with IAS 12, derecognised for accounting purposes certain unused tax assets and tax credits (see Note 12) and, therefore, obtained a net gain of EUR 2,909 million from the above impacts.

Finally, both parties reached an agreement regarding the specific terms for the creation and operation of a joint venture to which they will contribute all the renewable assets developed by the Industrial Services Division — once they are completed, connected to the grid and ready to produce — subject to the agreement at least eight and a half years after the execution of the sale and purchase. Vinci has 51% of the voting and dividend rights and ACS has the remaining 49%.

Upon completion of the sale and purchase transaction at year-end 31 December 2021, there were no assets or liabilities related to this discontinued operation.

The detail of the sale at 31 December 2021 is as follows:

	Millions of Euros
	31/12/2021
Gain on disposal	
Total cash consideration	4,902
Deferred consideration	223
Carrying amount on disposal	(1,374)
Recycling of reserves	(184)
Gain of disposal of controlled entities before tax	3,567
Transaction costs	(50)
Net gain on disposal of controlled entities before tax	3,517
Carrying value of assets and liabilities of entities and businesses disposed	
Goodwill (see Note 02.01)	233
Other intangible assets	90
Property, plant and equipment / Investment property	409
Other non-current assets	466
Inventories	86
Trade and other receivables	2,683
Other current assets	138
Cash and cash equivalents	1,299
Non-current assets held for sale	764
Grants	(2)
Non-current financial liabilities	(239)
Other non-current liabilities	(21)
Current financial liabilities	(438)
Trade and other payables	(3,579)
Other current liabilities	(113)
Liabilities related to non-current assets held for sale	(362)
Non-controlling interests	(40)
Net assets disposed	1,374
Cash flow resulting from sale	
Cash consideration net of transaction costs (*)	4,898
Cash disposed	(1,299)
Net cash outflow	3,599

(*) As at December 31, 2021 certain transaction costs remain unpaid which are accrued in the trade and other payables balance.

01.05. Materiality

In determining the information to be disclosed in the explanatory notes concerning the various items in the financial statements or other matters, the Group, in accordance with IAS 34, took into account their materiality in relation to the condensed consolidated financial statements.

01.06. Events after the reporting date

On 3 January 2022, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 7 May 2021. The purpose of the capital increase 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 capital reduction through the retirement of treasury shares, which was approved at the same General Meeting, for a maximum amount equal to the amount by which the share capital was actually increased as a result of the second capital increase referred to in the previous paragraph.

The maximum number of new shares to be issued in the second capital increase charged to reserves agreed at the Annual General Meeting held on 7 May 2020 (through which an optional dividend in shares or cash is structured) was set at 6,093,291 shares on 11 January 2022.

ACS, Actividades de Construcción y Servicios, S.A. agreed to purchase from its shareholders the bonus issue rights corresponding to this second capital increase at a price that was set at a fixed gross amount of EUR 0.468 for each right.

After the negotiation period for the bonus issue rights corresponding to the second bonus issue, the irrevocable commitment to purchase rights assumed by ACS was accepted by the holders of 40.28% of the bonus issue rights. After the decision-making period granted to the shareholders had elapsed, in January 2022 the following events took place:

- The dividend was determined to be a total gross amount of EUR 57,425,748.12 (EUR 0.468 per share) and was paid on 1 February 2022.
- The number of final shares subject to the capital increase was 3,047,466 for a nominal amount of EUR 1,523,733.00, which were redeemed simultaneously for the same amount (see Note 01.10).

On 24 January 2022, in accordance with the resolution passed at the Annual General Meeting held on 7 May 2021, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. agreed to reduce share capital, with a charge to profit or unrestricted reserves, through the retirement of the Company's treasury shares for a nominal amount of EUR 5 million through the retirement of 10 million ACS treasury shares, making the corresponding provision with a charge to reserves as indicated in paragraph e) of section 335 of the Spanish Companies Act.

On 23 February 2022, Hochtief, the majority shareholder of Cimic with a 78.58% interest, announced its intent to carry out an off-market takeover bid, which would be unconditional and final (unless a counter-offer is submitted by a third party), to acquire the remaining shares of Cimic for AUD 22 per share. Cimic's shareholders that accept the offer will receive payment in cash within five business days of acceptance.

01.07. Consolidated statements of cash flows

The breakdown of “Other adjustments to profit (net)” in the consolidated statement of cash flows for 2021 and 2020 is as follows:

	Thousands of Euros	
	31/12/2021	31/12/2020 (*)
Financial income	(102,555)	(143,030)
Financial costs	362,517	376,653
Impairment and gains or losses on disposals of non-current assets	199,642	(1,077,070)
Ordinary results of companies accounted for using the equity method	(272,745)	(155,298)
Non-ordinary results of companies accounted for using the equity method	(680)	(10,712)
Impairment and gains or losses on disposal of financial instruments	(14,267)	(111,411)
Changes in the fair value of financial instruments	91,821	(77,635)
Cash Flows from discontinued operatong	431,131	455,289
Other effects	251,168	722,233
Total	946,032	(20,981)

(*) Restated unaudited.

The breakdown of “Interest received” in the consolidated statement of cash flows for 2021 and 2020 is as follows:

	Thousands of Euros	
	31/12/2021	31/12/2020
Operative interest received	93,201	106,926
Interest received from bank accounts	10,832	15,306
Other non-operative	4,943	11,295
Total	108,976	133,527

In preparing the consolidated statement of cash flows for 2021 y 2020 the acquisitions of ACS treasury shares were included under the section on cash flows from financing activities, “Proceeds from/(payments for) equity instruments” (see Note 08.02). In 2021 not only the amount received but also the cash derecognised as a result of the sale amounting to EUR 1,298,901 thousand were considered as a divestment as a result of the sale of most of the Industrial Services Division. This also included the purchase of Devine (see Note 01.08), which was not held, for an amount of EUR 9.9 million (AUD 15.6 million). In 2020 this heading also included the acquisitions of treasury shares of Hochtief (EUR 168.1 million), the acquisition of Cimic shares by Hochtief (EUR 103.2 million) and the treasury shares acquired by Cimic (EUR 170.4 million).

In relation to the investee BIC Contracting LLC (BICC), EUR 53.6 million were included in 2021 (EUR 844.1 million in 2020) as cash outflows under “Other proceeds from/(payments for) financing activities” in the statement of cash flows as a result of the obligations assumed in 2019 following the exit of 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 Statement of Cash Flows in force for financial interest.

In relation to cash flows from investments in property, plant and equipment, intangible assets, projects and property investments made during the year, a distinction must be made between operating investments and non-operating investments. The detail is as follows:

	Thousands of Euros	
	2021	2020
Operational Investments	166,564	546,613
Operational investments discontinued operations	31,399	—
Operational Investments	197,963	546,613
- Kinkardine Floating Offshore Wind Project in Scotland	60,958	204,353
- Central Solar Termoeléctrica Cáceres	4,099	7,431
- Photovoltaic Projects in Spain	34	15,472
- Wind Farms Projects in Spain	1,027	49,683
- Other projects	5,050	52,909
- Other projects discontinued operations	117,076	—
Investments in Projects	188,244	329,848
Investment in property, plant and equipment, intangible assets, projects and investment property	237,731	876,461
Investment in property, plant and equipment, intangible assets, projects and investment property in discontinued operations	148,475	—
Investment in tangible assets, intangible assets, projects and real estate investments	386,207	876,461

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

	Thousands of Euros	
	31/12/2021	31/12/2020
Initial net debt (Note 10.03)	(1,819,771)	(1,019,404)
Cash flows		
Issue of financial liabilities	(4,634,213)	(7,785,734)
Amortization of financial liabilities	4,362,179	5,881,261
Cash and cash equivalents	2,829,832	374,641
No Impact of Flows		
Change in net debt held for sale (Note 01.04)	329,515	452,780
Exchange difference	256,020	(200,246)
Reclassifications	131,288	561,207
Change in the scope of consolidation and others	553,790	(84,276)
Final net debt (Note 10.03)	2,008,640	(1,819,771)

The changes in the scope of consolidation relate mainly to the acquisition of Servicios Compresión de Gas CA-KU-A1, which was considered an asset held for sale at the end of 2021 (see Note 01.08).

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) in the year ended 31 December 2021 are detailed in Appendix I.

Acquisitions, sales, and other corporate transactions

Acquisitions

In 2021 the acquisition of a 5% interest in Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V., which is recognised under “Non-current assets held for sale” (see Note 01.04.01), is noteworthy of mention.

On 24 May 2021, Cimic announced its intention to acquire the shares of the holding in Devine Limited that it did not already own through a takeover bid at a price of AUD 0.24 per share. On 9 July, Cimic increased its shareholding in Devine to 90% and exercised its right to the remaining Devine shares through mandatory acquisition. The total consideration for the purchase was AUD 15.6 million (EUR 9.9 million). This transaction has been treated as a transaction with shareholders in accordance with IFRS 10, and accumulated losses previously attributable to non-controlling interests of AUD 69.1 million (EUR 41 million) have been transferred to the Parent Company.

In 2020, the holding in Hochtief and Cimic increased through the investments made and the treasury share programs approved by these companies. The holding in Hochtief therefore increased from 50.4% at 31 December 2019 to 52.2% at 30 June 2020 as a result of the purchase of treasury shares by Hochtief. In addition, Hochtief purchased 8,962,059 Cimic shares in 2020. Meanwhile, Cimic purchased treasury shares in the same period. The two transactions increased Hochtief's interest in Cimic from 72.8% at 31 December 2019 to 78.6% at 31 December 2020.

In addition, the remaining interest in Tonopah Solar Energy was acquired in 2020 and is now fully consolidated in the Consolidated Annual Accounts of the ACS Group.

Sales

The sale in 2021 of most of the Industrial Services Division mentioned in Note 01.04.02 is noteworthy as it is considered a discontinued operation. In addition, the Company sold its 50% interest held in the following transmission lines: Transmissora José Maria de Macedo de Electricidade, S.A., Giovanni Sanguinetti Transmissora de Energia, S.A., Veredas Transmissora de Electricidades, S.A., Sete Lagoas Transmissora de Energia, Ltda, Brilhante Transmissora de Energias, S.A. and Brilhante Transmissora de Energias 2, S.A. in Brazil, as well as all the photovoltaic plants of Bonete Fotovoltaica 1, S.L.U. and Central Solar Termoeléctrica de Cáceres, S.A.U. and Parque Eólico Las Tadeas, S.L. (see Note 16), which are considered to be assets held for sale.

In addition to that relating to assets held for sale and discontinued operations mentioned in the previous paragraph, Iridium sold 80% of its 33% interest in both the concession operator of the Toledo Hospital and in the operator of this hospital to BSIP Spain HoldCo, S.L. — a company managed by Brookfield — for a company value (100%) of approximately EUR 400 million, for a price of approximately EUR 58 million, and with capital gains of approximately EUR 29.8 million.

Previously, on 30 June 2021, ACS, Actividades de Construcción y Servicios, S.A., through its subsidiary Vías y Construcciones, S.A., sold the 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).

On 19 November 2021, Ventia Services Group Limited, a joint venture between Cimic and funds managed by Apollo Global Management, LLC, completed an initial public offering on the Australian Stock Exchange. As a result, 30% of Ventia's share capital was admitted to trading, of which 26% came from the issue of new shares to finance an improvement in the debt structure and 4% from the sale of shares by Ventia's main shareholders (Cimic and Apollo). Cimic therefore retains a 32.8% interest in Ventia and, as the ACS Group no longer jointly controls Ventia, the investment has been reclassified from a joint arrangement to an associate. The partial disposal resulted in a profit before tax of AUD 60.3 million (EUR 38.2 million).

The total consideration received, net of transaction costs, amounted to EUR 60.2 million and included the non-cash consideration for the gain on the dilution of the Group's interest in Ventia after issuing the new shares. The cash consideration was received in 2021. The carrying amount of the portion sold amounted to

EUR 21.5 million and comprises the portion of the Group's shares that were sold and a portion of the carrying amount of the investment in Ventia corresponding to the dilution caused by the issue of the new shares. The recycling of reserves as part of the transaction amounted to EUR 0.5 million.

In December 2020, the Group finalised an agreement with funds managed by Elliott for the acquisition by Elliott of a 50% interest in the share capital of Thiess, with the transaction being completed on 31 December 2020. The terms of the sale agreement meant that the ACS Group no longer controlled Thiess, but rather controls it jointly with Elliott and, therefore, the ACS Group derecognised the assets and liabilities of Thiess in the Consolidated Financial Statements, and the remaining 50% of the interest held jointly with Elliott at 31 December 2020 was recognised again at its fair value based on the sale price (see Note 5).

The sale was recognised in accordance with 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: a 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 amount of the net assets of Thiess of EUR 833 million, which includes the derecognition of the portion allocated to the intangible assets from the initial consolidation of Hochtief (Purchase Price Allocation or PPA), as well as the portion of goodwill allocated to these 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 profit before tax of EUR 1,111 million, which was recognised in 2020 under "Impairment and gains or losses on disposal of non-current assets" in the consolidated income statement. The detail at 31 December 2020 is 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 profit attributable to the recognition at fair value of the retained investment in the former subsidiary was EUR 712.1million (AUD 1,132.0 million) (see Note 05); the portion of this profit attributable to the investment in the former subsidiary sold 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 income after tax and non-controlling interests. The breakdown of the profit and the effect on the statement of cash flows of Thiess 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 to the Hermes Infrastructure fund, through Iridium Concesiones de Infraestructuras, S.A., 74% of its interest in a company that held all of the shares that the Group had in six shadow toll concessions, namely: 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. In addition to maintaining the remaining 26% interest, Iridium will continue the management and operation of the assets, through operating and maintenance contracts and service contracts with a very significant presence on the managing bodies of the companies and in the day-to-day management of the concessions. The operation was carried out with a company value (100%) of EUR 950 million and with capital gains on 74% of the EUR 40 million transferred, part of which had already been collected in 2019 (see Note 01.04.01).

In 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 located in Spain (see Note 01.04.01). This agreement was amended in July 2020 with the creation of a joint venture that grouped together the projects already in operation and an initial package of those that were under development, of which Galp acquired a 75.01% interest for between EUR 300 million and EUR 350 million, while the ACS Group maintains a 24.99% interest with a joint 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), consisting of the sale of shares representing 75% of the company's share capital, which focuses its investment on photovoltaic energy projects in Spain, both those that were in operation and those expected to be developed and operational from 2020 to 2023. This represents a total installed capacity of 2,930 MW and an initial disbursement by Galp of EUR 325 million.

The total value of the company, once all the projects have been completed, is estimated at some EUR 2,200 million, with total net profit for the Group of approximately EUR 330 million, of which EUR 250 million was collected in 2019.

01.09. Currency

The euro is the currency in which the Condensed Consolidated 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. agreed to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 8 May 2020. The purpose of the capital increase 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 capital reduction through the retirement of treasury shares, which was approved at the same General Meeting, for a maximum amount equal to the amount by which the share capital was actually increased as a result of the second capital increase referred to in the previous paragraph.

The maximum number of new shares to be issued in the second capital increase charged to reserves agreed at the Annual General Meeting held on 8 May 2020 (through which an optional dividend in shares or cash is structured) was set at 4,931,184 shares on 19 January 2021.

ACS, Actividades de Construcción y Servicios, S.A. agreed to purchase from its shareholders the bonus issue rights corresponding to this second capital increase at a price that was set at a fixed gross amount of EUR 0.452 for each right.

After the negotiation period for the bonus issue rights corresponding to the second bonus issue, the irrevocable commitment to purchase rights assumed by ACS was accepted by the holders of 39.68% of the bonus issue 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 second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 10 May 2019. The purpose of the capital increase 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 bonus issue rights corresponding to the second bonus issue, the irrevocable commitment to purchase rights assumed by ACS was accepted by the holders of 34.37% of the bonus issue 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 Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 7 May 2021, the Company resolved on 9 June 2020 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. On 17 June 2021, certain aspects in relation to the first capital increase mentioned above were finalised and are summarised as follows:

- The maximum number of new shares to be issued in the first capital increase would be 16,350,768 shares.
- A total of 19 bonus issue rights are necessary to receive one new share.
- The acquisition price of each bonus issue right, by virtue of the purchase agreement assumed by ACS, is EUR 1.270.

After the decision-making period granted to the shareholders has elapsed, on 7 July 2021 the dividend was determined at a total gross amount of EUR 158,072,277.20 and was paid on 9 July.

01.11. Earnings per share from continuing 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:

	2021	2020 (*)	Change (%)
Net profit for the period (Thousands of Euros)	3,045,413	574,005	430.56
Weighted average number of shares outstanding	283,680,866	293,847,994	(3.46)
Basic earnings per share (Euros)	10.74	1.95	450.77
Diluted earnings per share (Euros)	10.74	1.95	450.77
Profit after tax and non-controlling interests from discontinued operations (Thousands of Euros)	3,946,764	244,158	1,516.48
Basic earnings per share from discontinued operations (Euros)	13.91	0.83	1,575.90
Basic earnings per share from continuing operations (Euros)	(3.18)	1.12	(383.93)
Diluted earnings per share from discontinued operations (Euros)	13.91	0.83	1,575.90
Diluted earnings per share from continuing operations (Euros)	(3.18)	1.12	(383.93)

(*) Restated unaudited.

	Number of shares	
	2021	2020
Common shares outstanding at 01 January	285,059,953	303,278,348
Effect of own shares	(9,272,035)	(18,218,395)
Effect of shares issued	10,897,723	14,276,225
Effect of redeemed shares	(10,897,723)	(14,276,225)
Common shares outstanding at December 31	275,787,918	285,059,953
Weighted average number of shares outstanding at December 31	283,680,866	293,847,994

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 share option plan currently in force (see Note 20.03) does not involve the issuance of new shares in the future and, therefore, does not affect diluted earnings per share. At 31 de diciembre de 2021, as a result of the simultaneous share capital increase and reduction decided in 2020 for the same number of shares, basic earnings and diluted earnings per share for continuing operations in 2021 are the same.

02. Intangible assets

02.01. Goodwill

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

	Thousands of Euros	
	Balance at 31/12/2021	Balance at 31/12/2020
Parent	554,420	743,140
Infrastructure	1,968,878	1,934,814
Industrial Services	—	44,181
Services	148,955	140,918
Total	2,672,253	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 at 31 December 2021 (EUR 1,144,226 thousand at 31 December 2020), and the result of the merger of the Parent Company with Grupo Dragados, S.A., which amounted to EUR 554,420 thousand at 31 December 2021 (EUR 743,140 thousand at 31 December 2020).

In 2021, the most substantial variation relates to the reduction of goodwill held in the Parent Company tied to the Industrial Services business sold on 31 December 2021 for EUR 188,720 thousand in accordance with the agreement with Vinci, and the goodwill of the Industrial Services Division itself, which was derecognised as a result of the sale and amounted to EUR 44,181 thousand at 31 December 2020. The most significant variation in 2020 related to a reduction of EUR 244,675 thousand resulting from 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, the deconsolidation of all the assets and liabilities of this company led to the derecognition of the portion of the value corresponding to Thiess in the goodwill allocated to the business carried out by Hochtief Asia Pacific that was still recognised.

As regards goodwill, as a general rule on 30 September each year, the ACS Group compares the carrying amount of the company or cash-generating unit (CGU) against its value in use, determined using the discounted cash flow method. In this regard, and given the substantial improvement in the situation caused by the COVID-19 pandemic, there were no indications of impairment detected during the six months of 2021 and, therefore, the goodwill was discounted at 30 September in accordance with the Company's accounting policy. There have been no significant changes in the assumptions used when testing the Group's goodwill for impairment that could give rise to a significant risk of recognising an impairment loss in the future. It should be noted that the market value of the holding in Hochtief is higher than its carrying amount.

As regards the goodwill generated by the purchase of Hochtief, A.G. in 2011, in accordance with IAS 36.80, this goodwill was allocated to the main cash-generating units, namely Hochtief Asia Pacific and Hochtief

Americas. The goodwill allocated to the business carried out by Hochtief Asia Pacific amounts to EUR 857 million (EUR 857 million at 31 December 2020 after the sale of Thiess completed on 31 December 2020), while EUR 287 million is allocated to the Hochtief Americas business (EUR 287 million at 31 December 2020). In 2021 the ACS Group assessed the recoverability of this goodwill.

In preparing the impairment test of Hochtief's goodwill allocated to the business carried out by Hochtief Asia Pacific, the ACS Group used the following basic assumptions:

- Five-year forecasts used based on internal estimates.
- Weighted perpetual growth rate of 1.86% (2.4% in 2020).
- Weighted discount rate of 8.31% (7.63% in 2020). The discount rate used represents a premium of 611 basis points over the return on the long-term interest rate (10-year bond weighted on the basis of the countries in which it operates) published by Bloomberg on 30 September 2021.

As for the sensitivity analysis of the impairment test on the goodwill allocated to Hochtief's Asia Pacific business, the most relevant aspects are that the goodwill test would withstand a discount rate of approximately 9.23%, representing a range of approximately 92 basis points, as well as a perpetual growth rate of 0.72%. Furthermore, it would withstand an annual drop in cash flows of approximately 20% compared to projected cash flows.

In the case of the Hochtief Americas business, the following basic assumptions were made:

- Five-year forecasts used based on internal estimates.
- Perpetual growth rate of 1.5% (2.2% in 2020), equal to the risk-free rate.
- Discount rate of 5.48% (5.34% in 2020).

As for the sensitivity analysis of the impairment test on the goodwill allocated to Hochtief's Americas business, the most relevant aspects are that the goodwill test, even assuming a cash position of zero euros, would withstand a discount rate of more than 34%, and an annual drop in cash flows of more than 87% compared to the projected cash flows.

It should also be noted that the share price of Hochtief, A.G. at 31 December 2021 (EUR 71.00 per share) was higher than its carrying amount.

Along with the goodwill arising from the aforementioned full consolidation of Hochtief, A.G., the most significant goodwill, which amounted to EUR 554,420 thousand (EUR 743,140 thousand at 31 December 2020), arose from the merger with the Dragados Group in 2003 and related to the amount paid in excess of the value of the assets on the acquisition date. This goodwill was allocated mainly to the Construction and Industrial Services cash-generating units of Dragados as detailed as follows:

Cash-generating unit	Goodwill allocated	
	Thousands of Euros	
	Balance at 31/12/2021	Balance at 31/12/2020
Infrastructure	554,420	554,420
Industrial Services	—	188,720
Total goodwill	554,420	743,140

In 2021, the ACS Group assessed the recoverability of the goodwill allocated to Construction, comparing the carrying amount of the company or cash-generating unit (CGU) against its value in use, determined using the discounted cash flow method and internal projections for each of the companies. The recoverability of the goodwill relating to Construction and Industrial Services was assessed in 2020.

The discount rate used is its weighted average cost of capital. In order to calculate discount rate for Dragados, a weighted discount rate by country is used taking into consideration Dragados' sales in the main countries in which it operates as of September 2021, i.e., the United States, Spain, Canada, Poland, the United Kingdom, Peru and Chile. The following are used to calculate the discount rate for each of the countries: the 10-year bond yield; the unlevered beta of the sector according to Damodaran, relevered by the target debt; and the market risk premium by country according to Damodaran. The cost of the gross debt is the consolidated effective real cost of the debt at September 2021 and the tax rate used is the theoretical rate. The perpetual growth rate (g) used is equal to the weighted risk-free rate used to calculate the WACC. Given that the estimated weighted CPI increase in the countries where Dragados operates for 2026 according to the IMF report of October 2021 (2.07%) is higher than the risk-free rate of 1.43%, the risk-free rate is used as the assumption for the CPI increase.

The key assumptions used in the valuation of the Dragados Construction cash-generating unit are as follows:

- Five-year forecasts used based on internal estimates.
- Weighted perpetual growth rate of 1.43% (1.8% in 2020).
- Weighted discount rate of 5.63% (7.73% in 2020).

The main variables considered in this test did not differ significantly from those considered in the impairment test of the previous year.

After testing the impairment of the cash-generating unit to which the goodwill arising from the merger with the Dragados Group in 2003 has been allocated, it has been determined, based on the aforementioned assumptions, that under no circumstances is the estimated recoverable amount of the cash-generating unit less than its carrying amount, as there is no evidence of its impairment.

No reasonable scenario gave rise for the need to recognise an impairment loss. The impairment tests for the Construction cash-generating unit showed that it would withstand substantial increases in the discount rates of over 800 basis points and significant negative deviations (over 2.5%) in the budgeted EBITDA without incurring an impairment loss.

According, the directors consider that the sensitivity ranges of the tests with regard to the key assumptions are within a reasonable range and, therefore, no impairment was detected in 2021 or 2020.

In relation to the remaining goodwill, excluding that generated by the merger between ACS and the Dragados Group and the goodwill arising from the full consolidation of Hochtief, A.G., in the case of the Services area, the total amount comes to EUR 148,955 thousand (EUR 140,918 thousand at 31 December 2020), corresponding to 22 different companies, the largest of which relates to the purchase of Clece for EUR 115,902 thousand (EUR 115,902 thousand at 31 December 2020).

In the Construction area, it also includes the goodwill from the acquisitions of Pulice for EUR 61,050 thousand (EUR 50,400 thousand at 31 December 2020), Schiavone for EUR 52,719 thousand (EUR 48,660 thousand at 31 December 2020) and John P Picone for EUR 54,093 thousand (EUR 44,061 thousand at 31 December 2020), as well as the goodwill from the Hochtief Group following the takeover.

In these areas, the impairment tests to calculate the goodwill are based on assumptions similar to those described for each area of activity or in the case of Dragados Group goodwill, taking into account the necessary adjustments based on the peculiarities, geographical markets and specific circumstances of the companies concerned.

According to the estimates and projections available to the directors of the Group and of each of the companies concerned, the projected cash flows attributable to these cash-generating units (or groups of units) to which the goodwill is allocated will make it possible to recover the carrying amount of each item of goodwill recognised at 31 December 2021.

As indicated in IAS 36, as of 31 December 2021 the Group has not found any evidence of significant impairment on goodwill and other assets subject to impairment testing. There have been no significant changes in the assumptions used when testing the Group's goodwill for impairment that could give rise to a significant risk of recognising an impairment loss in the future. It should be noted that the market value of the holding in Hochtief is higher than its carrying amount.

No impairment losses were recognised in 2021 on the ACS Group's goodwill. Likewise, no impairment losses were recognised in 2020 in relation to the ACS Group's goodwill.

02.02. Other intangible assets

The additions in 2021 amounted to EUR 6,372 thousand (EUR 65,181 thousand in 2020) relating mainly to Hochtief in the amount of EUR 8,949 thousand (EUR 15,959 thousand in 2020), the Services area in the amount of EUR 1,612 thousand (EUR 792 thousand in 2020), and Dragados in the amount of EUR 482 thousand (EUR 792 thousand in 2020). In the Industrial Services area, there were no additions to this heading, mainly as a result of being considered a discontinued operation in 2021 (EUR 47,978 thousand in 2020). As a result of the sale of Thiess, intangible assets amounting to EUR 104 million were derecognised at 31 December 2020.

In 2021 impairment losses amounting to EUR 5,662 thousand were recognised under "Other intangible assets" (EUR 11,111 thousand in 2020). No impairment losses were reversed in the consolidated income statements for 2021 or 2020.

03. Property, plant and equipment

The most notable change in this heading relates to the consideration of the Industrial Services Division as a discontinued operation and the subsequent derecognition of its property, plant and equipment following the sale to Vinci (see Note 01.04.02).

In 2021 and 2020, items of property, plant and equipment were acquired for EUR 334,732 thousand and EUR 871,179 thousand, respectively. In accordance with IFRS 16, this heading includes the rights to use the leased assets.

In 2021, the most noteworthy acquisitions by division relate mainly to the Infrastructure area for EUR 279,858 thousand — primarily in investments made by Hochtief amounting to EUR 190,721 thousand (in particular, tunnelling machines and mining machinery) and by Dragados amounting to EUR 85,704 thousand —, and to the Services area for EUR 54,726 thousand, mainly for the acquisition of machinery and industrial vehicles. In the Industrial Services area, there were no additions to this heading, mainly as a result of being considered a discontinued operation in 2021.

In 2020, the most noteworthy acquisitions by division relate mainly to the Infrastructure area for EUR 714,959 thousand — primarily in investments made by Hochtief amounting to EUR 601,722 thousand (in particular, tunnelling machines and mining machinery) and by Dragados for EUR 111,969 thousand —, by the Industrial Services area for EUR 111,191 thousand for the acquisition of new machinery and equipment to carry out new projects, and to the Services area for EUR 44,922 thousand, mainly for the acquisition of machinery and industrial vehicles.

Similarly, assets were also sold in 2021 and 2020 for a total carrying amount of EUR 36,110 thousand and EUR 57,904 thousand, respectively, which had a residual effect on the Group's income statement. The most significant disposals in 2021 relate mainly to the sale of machinery at Hochtief for EUR 20,404 thousand (EUR 28,867 thousand in 2020) and the sale of machinery at Dragados for EUR 1,994 thousand (EUR 14,178 thousand in 2020).

At 31 December 2021, the Group had contractual commitments for the future acquisition of property, plant and equipment for a value of EUR 27,652 thousand (EUR 50,667 thousand at 31 December 2020), corresponding mainly to commitments to invest in machinery for Dragados amounting to EUR 7,023

thousand (EUR 2,411 thousand at 31 December 2020) and in technical installations for Hochtief amounting to EUR 20,544 thousand (EUR 46,931 thousand at 31 December 2020).

The impairment losses recognised in the consolidated income statement for 2021 and 2020 are not significant. The impairment losses reversed and recognised in the consolidated income statement for 2021 amounted to EUR 694 thousand for Hochtief. No impairment losses were reversed or recognised in the consolidated income statement in 2020.

Leases

In accordance with IFRS 16 “Leases”, at 31 December 2021 EUR 470,896 thousand (EUR 572,885 thousand at 31 December 2020) in net right-of-use assets were recognised under “Property, plant and equipment” in the consolidated statement of financial position. The detail of the right-of-use assets at 31 December 2021 and 2020 is as follows:

	Thousands of Euros	
	Balance at 31/12/2021	Balance at 31/12/2020
Land and buildings	847,747	985,742
Plant and machinery	122,158	151,317
Other intangible assets	149,249	194,871
Total tangible assets - property, plant and equipment	1,119,154	1,331,930
Accumulated depreciation	(647,952)	(758,915)
Impairment losses	(306)	(130)
Total net tangible assets - property, plant and equipment	470,896	572,885

The change in “Right-of-use assets” in 2021 relates mainly to the consideration of the Industrial Services Division as a discontinued operation and the reclassification of these assets to non-current assets held for sale following the agreement reached with Vinci (see Note 01.04.02). Furthermore, the additions in the Infrastructure area of EUR 132,497 thousand (EUR 263,530 thousand in 2020) should be noted, in particular the investments made by Hochtief amounting to EUR 115,007 thousand (EUR 212,533 thousand in 2020). Disposals most notably include the net change in the scope of consolidation in 2021 amounting to EUR 102,826 thousand, with EUR 85,871 thousand due to the Industrial Services business being considered as a discontinued operation. In 2020, disposals most notably included the net change in the scope of consolidation amounting to EUR 261,466 thousand, mainly due to the sale of 50% of Thiess.

The depreciation and amortisation relating to the right to use the assets recognised in accordance with IFRS 16 “Leases” in 2021 amounted to EUR 175,457 thousand (EUR 311,290 thousand in 2020) and the recognition of interest on the lease obligation amounted to EUR 22,168 thousand in 2021 (EUR 33,102 thousand in 2020) included in the consolidated income statement.

“Non-current lease liabilities” and “Current lease liabilities” associated with these “Right-of-use assets” at 31 December 2021 amounted to EUR 401,430 and EUR 150,765 thousand, respectively (EUR 472,836 and EUR 192,173 thousand at 31 December 2020, respectively).

Variable lease payments are not material and 31 December 2021 or 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 leases or leases of low-value assets that do not apply IFRS 16 “Leases” since throughout the Group there are very short-term leases, generally for three to six months, or ongoing monthly agreements or contracts with termination clauses. For each lease, the Group analyses and assesses whether it is reasonably certain that the lease will be extended. These considerations include assessing 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 aspects to adequately assess the lease term. At 31 December 2021, the expenses accrued in the amount of EUR 228,394 thousand (EUR 246,373 thousand at 31 December 2020) on the aforementioned assets were recognised under “Other operating expenses” in the consolidated income statement. As indicated in Note 01.01.03, the impact on the ACS Group’s activities as a result of the Covid-19 pandemic was moderate or limited, so 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 statement of financial position at 31 December 2021 includes the costs incurred by the fully consolidated companies in the construction of transport infrastructure, services and power generation centres, the operation of which constitutes the purpose of their respective concessions. These amounts related 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 significant change in this heading relates to the consideration of the Industrial Services Division as a discontinued operation and the subsequent reclassification of its non-current assets in projects and their subsequent derecognition following the sale to Vinci (see Note 01.04.02).

All project investments made by the ACS Group at 31 December 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	(114,936)	66,978
Other infrastructures	—	6,138	(263)	5,875
Total		188,052	(115,199)	72,853

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 31 December 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	(114,897)	66,976
Other infrastructures	-	1,819	(263)	1,556
Total		183,692	(115,160)	68,532

- The concession assets identified as financial assets, as a result of the Group not assuming demand risk at 31 December 2021, are as follows:

Type of infrastructure	End date of operation	Thousands of Euros
		Collection rights arising from concession arrangements
Other infrastructures	—	4,317
Total		4,317

- 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 31 December 2021 is 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	(39)	2
Other infrastructures	-	2	—	2
Total		43	(39)	4

Simultaneously, there are concession assets that are not financed under a project finance arrangement amounting to EUR 5,672 thousand (EUR 43,254 thousand at 31 December 2020) that are recognised as “Other intangible assets”.

No investments in projects were made in 2021. In 2020, the main investments in projects related to the Industrial Services Division, made mainly in desalination plants, in the amount of EUR 50,306 thousand.

There were no significant additions to the scope of consolidation in 2021. In 2020, the additions to the scope of consolidation amounted to EUR 343,983 thousand, most notably including the Tonopah Solar Energy solar thermal plant.

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

At 31 December 2021 and 2020, the Group had no significant contractual commitments for the acquisition of 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”.

05. Investments in companies accounted for using the equity method

The detail, by division, of the investments in companies accounted for using the equity method at 31 December 2021 and 2020 is as follows:

Line of Business	Thousands of Euros					
	31/12/2021			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	4,268,373	255,753	4,524,126	4,355,858	109,476	4,465,334
Industrial Services	1,198	(1,198)	—	33,602	(19,240)	14,362
Services	103	—	103	—	—	—
Corporate unit and Adjustment	—	—	—	(145)	—	(145)
Total	4,269,674	254,555	4,524,229	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 for 2021 also include the profit or loss of companies accounted for using the equity method and that have been classified under “Non-current assets held for sale and discontinued operations”, which amounts to EUR 18,870 thousand (EUR 117,378 thousand in 2020).

– Infrastructure

At 31 December 2021, the Infrastructures area most notably includes the investment in Abertis amounting to EUR 2,782,886 thousand (EUR 2,868,396 thousand at 31 December 2020) and the remaining investments from the Hochtief Group accounted for using the equity method in the amount of EUR 1,398,485 thousand (EUR 1,268,949 thousand at 31 December 2020). In this last case, it should be noted that Thies is accounted for as a joint venture using the equity method for EUR 796 million (EUR 712 million at 31 December 2020) (see Note 01.08).

The ACS Group’s investment in Abertis Holdco, S.A. accounted for using the equity method amounted to a total of EUR 2,782,886 thousand (EUR 2,868,396 thousand at 31 December 2020), corresponding to the 20.0% interest in Hochtief and 30.0% directly from ACS itself (both included under the Infrastructures area). The net contribution by Abertis to the ACS Group’s consolidated income statement in 2021 amounted to a profit of EUR 117,229 thousand (a loss of EUR 34,511 thousand in 2020).

Joint ventures

As indicated in Note 01.08, the sale of Thies was completed on 31 December 2020, with the ACS Group jointly controlling Thies with Elliott. The transaction was therefore recognised at year-end 2020 as a sale of a subsidiary in accordance with IFRS 10 and the 50% interest retained in the entity was recognised as a joint venture as there is joint control with Elliott.

– Industrial Services

The changes in Industrial Services in 2021 are mainly the result of considering this business a discontinued operation and its subsequent derecognition following the sale to Vinci. The main change in Industrial Services in 2020 related to the change in the method of consolidation of Tonopah Solar Energy, which is now fully consolidated, and to the results of these companies in 2020.

Material associates and joint ventures

In accordance with IFRS 12, the associates and joint ventures that are considered to be material at 31 December 2021 are Abertis Holdco, S.A. and its Subsidiaries and Thies 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 significant influence as defined in IAS 28 and, therefore, Abertis is accounted for as an associate using the equity method in these Condensed Consolidated Financial Statements.

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

Abertis Holdco, S. A. and Subsidiaries	Thousands of Euros	
	31/12/2021	31/12/2020
	100%	100%
Non-current assets	39,147,851	41,589,347
Current assets	6,832,489	4,973,427
Of which: Cash and cash equivalents	4,073,672	3,268,024
Asset held for sale	—	26,750
Non-current liabilities	32,646,700	32,845,543
Of which: Financial liabilities	26,287,550	26,301,003
Current liabilities	3,380,626	4,193,594
Of which: Financial liabilities	1,539,833	2,400,865
Liabilities associate to assets held for sale	—	—
Equity	9,953,014	9,550,387
Non-controlling interest	2,684,689	2,840,237
Equity attributable to owners of the Company	7,268,325	6,710,150
Hybrid bond recognized in Abertis' equity	(1,954,894)	(1,225,759)
Equity attributable homogenized to owners of the Company	5,313,431	5,484,391
Group interests in net assets (50%)	2,656,716	2,742,196
Capitalized acquisition-related costs	126,170	126,200
Carrying amount of the investment	2,782,886	2,868,396

Abertis Holdco, S. A. and Subsidiaries	Thousands of Euros	
	31/12/2021	31/12/2020
	100%	100%
Sales	4,853,694	4,053,648
Profit or loss from continuing operations	26,024	(178,435)
Post-tax profit/(loss) from discontinued operations	—	—
Profit/(loss) for the year	26,024	(178,435)
Non-controlling interest	(263,822)	(92,947)
Profit/(loss) for the year attributable to owners of the company	289,846	(85,488)
Income and expenses recognized directly in equity, after tax	262,131	(388,802)
Non-controlling interest	121,145	(234,508)
Income and expenses recognized directly in equity, after tax, attributable to owners of the company	140,986	(154,294)
Total comprehensive income	288,155	(567,237)
Non-controlling interest	(142,677)	(327,455)
Total comprehensive income attributable to owners of the company	430,832	(239,782)
Group share of total comprehensive income attributable to owners of the company (shareholding 50%)	215,416	(119,891)
Annual profit	144,923	(42,744)
Other comprehensive income	70,493	(77,147)

In 2021, the ACS Group received dividends from Abertis Holdco, S.A. amounting to EUR 296,845 thousand (EUR 431,926 thousand in 2020).

As a result of the positive performance of traffic in 2021, with increases above the forecasts on which Abertis based its recoverability test at the end of 2020, there were no indications of impairment on the investment in Abertis. However, in accordance with the Group's policies, the value of the investment in Abertis was restated at year-end 2021 by comparing the recoverable amount with the carrying amount, and no impairment was detected. Against the backdrop of the Covid-19 pandemic, the ACS Group has compared the carrying amount of the cash-generating unit (CGU), which includes the goodwill, with the fair value obtained using the discounted cash flow method (Abertis Holdco, S.A. and Subsidiaries). In accordance with IAS 36, the ACS Group considered that the most appropriate methodology corresponds to the assessment of a projected finite period of 5 years (2022-2026) together with the estimate of a residual value.

Based on the budgets and latest long-term projections, the impairment test on the Abertis goodwill as at 31 December 2021 was prepared based on:

- The cash projections obtained from the income and expense projection for the entire Abertis Group for the period (2022-2026) carried out by Abertis.
- To determine the terminal value, a growth rate of 2.0% has been applied to the operating free cash flow after taxes for the last projected year, i.e. 2026, and, additionally, a cash outflow for investments in perpetuity has been considered equivalent to the amortisation over this period.

The discount rate (WACC) applied to the cash flow projections was 5.17% and, in the case of the terminal value, the WACC applied was increased by 2.0%.

In relation to the result of the goodwill impairment test, the recoverable amount obtained (determined on the basis of fair value as indicated above) exceeds the carrying amount of the goodwill and the assets, so that the carrying amount of the investment in Abertis recognised at 31 December 2021 by the ACS Group can be recovered. Therefore, no provisions for impairment had to be recognised.

Based on the sensitivity analysis performed, the impairment test shows certain leeway with regard to the recoverable amount of the carrying amount and is sensitive to changes in the discount rate and cash flows in perpetuity. Therefore, a drop in net operating profit after tax of more than 15% and an increase in the

WACC by more than 75 basis points could result in the need to recognise an impairment loss on the consolidated carrying amount of Abertis.

As in the previous year, investments in associates are not subject to any restrictions.

Thiess

On 31 December 2020, the Group finalised an agreement with funds managed by Elliott for the acquisition by Elliott of a 50% interest in the share capital of Thiess. The terms of the sale agreement means that the ACS Group no longer controls Thiess, but rather controls it jointly with Elliott and, therefore, the ACS Group derecognised the assets and liabilities of Thiess in the Consolidated Annual Accounts at 31 December 2020, and the remaining 50% of the interest held jointly with Elliott was recognised again at its fair value based on the sale price.

The table below shows the information on the company considered to be a material joint arrangement under this heading of the consolidated statement of financial position:

Thiess Joint Venture	Thousands of Euros	
	31/12/2021	31/12/2020
	100%	100%
Non-current assets	2,935,703	2,902,873
Current assets	634,774	461,312
Of which: Cash and cash equivalents	132,309	80,335
Non-current liabilities	1,366,315	1,327,065
Of which: Financial liabilities	1,184,246	1,145,384
Current liabilities	548,319	599,523
Of which: financial liabilities	113,993	176,586
Net assets	1,655,843	1,437,597
Minority interests	13,449	13,337
Equity attributable to the parent company	1,642,394	1,424,260
Group's share of net assets (50%)	796,222	712,130

Thiess Joint Venture	Thousands of Euros
	31/12/2021
	100%
Turnover	2,123,287
Other expenses	(1,440,910)
Depreciation and amortisation	(392,256)
Financial income	697
Financial expenses	(38,332)
Profit before tax	252,486
Income tax	(70,455)
Profit for the year	182,031
Profit attributable to minority interests	(3,295)
Profit/(loss) attributable to parent company	178,736
Other comprehensive income	11,658
Minority interests other comprehensive income	5,829
Other comprehensive income attributable to the parent company	5,829
Total comprehensive income	193,689
Minority interests total comprehensive income	2,534
Total comprehensive income attributable to the parent company	191,155
Group's share in total comprehensive income (50%)	70,519
in profit or loss (*)	64,690
in other comprehensive income	5,829

(*) The Thiess shareholder agreement establishes a minimum distribution to each shareholder of AUD 180 million per year for the first six years, with Elliott receiving a preferential payment. In accordance with accounting standards, preferential payments must first be attributed to the full profit for the year. Therefore, Cimic's profit for the period is AUD 102.1 million. The reduction in Cimic's profit includes protected rights and is expected to be recovered in future years.

As a result of the acquisition of Thiess by Elliot in 2020, a Purchase Price Allocation (PPA) was carried out in 2021. This allocation was provisional for purpose of its inclusion in the financial information for the year ended 31 December 2020. In accordance with current regulations, there is a twelve-month period to make the final purchase allocation of the net assets and, therefore, in 2021 Thiess completed the allocation of the fair value of the assets acquired and liabilities assumed. Based on the final PPA, the adjustments to the initial values established were not significant. Since the agreement with Elliot for the joint venture was on 31 December 2020, there is no comparative income statement for 2020.

06. Financial assets

06.01. Composition and breakdown

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

	Thousands of Euros			
	31/12/2021		31/12/2020	
	Non-Current	Current	Non-Current	Current
Equity instruments	87,878	178,026	79,870	127,912
Loans to associates	184,381	64,019	212,755	111,341
Other loans	263,431	178,440	56,883	53,083
Debt securities	24,208	483,898	19,020	729,220
Other financial assets	205,809	375,696	392,028	333,426
Long-term cash collateral deposits	987	—	283	—
Subtotal	766,694	1,280,079	760,839	1,354,982
Trade receivables for sales and services	—	6,686,487	—	8,500,244
Other receivables	—	1,400,815	—	1,762,431
Cash and cash equivalents	—	11,253,419	—	8,080,808
Total	766,694	20,620,800	760,839	19,698,465

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

	Thousands of Euros			
	Value at 31/12/2021	Fair value with changes in profit or loss	Fair value with changes in other comprehensive income	Amortized cost
Non-current financial assets	771,011	339,823	14	431,174
Equity securities at long-term	87,878	87,864	14	—
Loans to companies at long-term	184,381	—	—	184,381
Loans to third parties	263,431	223,436	—	39,995
Debt securities at long-term	24,208	24,208	—	—
Other financial assets at long-term	7,849	3,328	—	4,521
Non-current financial assets in operating receivables	197,960	—	—	197,960
Activos concesionales identificados bajo modelo de activo financiero (Nota 04)	4,317	—	—	4,317
Other current financial assets	1,280,079	196,742	542,763	540,574
Equity securities at short-term	178,026	25,223	152,803	—
Loans to group and associates to short-term	64,019	—	—	64,019
Loans to companies at short-term	178,440	—	—	178,440
Debt securities at short-term	483,898	93,938	389,960	—
Other financial assets at short-term	375,696	77,581	—	298,115
Trade receivables for sales and services	6,686,487	—	—	6,686,487
Other receivable	1,400,815	—	—	1,400,815
Cash and cash equivalents	11,253,419	—	—	11,253,419

	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

Non-current and current equity instruments most notably include those from Hochtief amounting to EUR 62,431 and EUR 177,024 thousand, respectively (EUR 44,621 thousand and EUR 127,912 thousand, respectively, at 31 December 2020) and relate mainly to short-term investments in securities held in special and general investment funds.

06.03. Loans to associates and Loans to third parties

At 31 December 2021, the long-term loans granted in euros included, by order of importance, the subordinated loan granted to Road Management (A13) Plc. in the amount of EUR 46,477 thousand (EUR 40,409 thousand at 31 December 2020), the subordinated loan to Celtic Road Group (Portlaoise) in the amount of EUR 23,233 thousand (EUR 23,233 thousand at 31 December 2020) and the participating loan granted to Gorey to Enniscorthy M11 PPP Limited in the amount of EUR 13,251 thousand (EUR 13,278 thousand at 31 December 2020). In 2021, the changes in the loans were mainly due to the increase in the subordinated loan granted by Iridium Concesiones de Infraestructuras, S.A. to Iridium Hermes Road, S.L. in the amount of EUR 3,933 thousand, the purpose of which is to partially finance the investment in the additional works for Eix Diagonal. Furthermore, as explained in Note 01.08, as a result of the sale of 80% of Nuevo Hospital de Toledo, 80% of the participating loan has been derecognised since the conditions precedent to which the sale and purchase agreement was subject have been fulfilled, and the current balance of the loan at the new percentage of ownership (6.66%) is EUR 2,729 thousand (EUR 12,683 thousand at 31 December 2020).

The Group regularly assesses the recoverability of the loans to associates jointly with investments, making the necessary provisions when required. These loans bear interest at market rates.

At 31 December 2021, “Loans to third parties” under “Non-current financial assets” in the consolidated statement of financial position included the earn out corresponding to the sale of most of the Industrial Services Division, the fair value of which amounts to 223,436 thousand, which have yet to be received as there is a maximum variable payment of EUR 600 million in cash at a rate of EUR 20 million for each half GW generated by the Industrial Services Division (up to “Ready to build” status) between 31 March 2021 and up to 7 years following the execution of the sale and purchase, which may be extended for an additional 18 months if the Industrial Services Division sold fails to generate 6 GW in the first 42 months (see Note 01.04.02).

06.04. Debt securities

At 31 December 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 that it does not intend to hold until maturity, from Hochtief for EUR 394,803 thousand (EUR 345,625 thousand at 31 December 2020). Other significant amounts include those held by the Dragados Group amounting to EUR 89,095 thousand (EUR 53,801 thousand at 31 December 2020). The reduction in the year is due to the sale of most of the Industrial Services Division for EUR 329,785 thousand.

06.05. Other financial assets and non-current trade receivables

As at 31 December 2021, “Other financial assets” included short-term deposits amounting to EUR 270,386 thousand (EUR 271,375 thousand at 31 December 2020).

In addition, at 31 December 2021, the amount mentioned in the previous paragraph includes EUR 194,095 thousand (EUR 118,565 thousand at 31 December 2020) held as collateral to secure the derivatives arranged by the Group (see Note 11), recognised under “Other current financial assets” in the accompanying consolidated statement of financial position.

The reduction in this heading is due to the fact that at 31 December 2020 it mainly included as “Non-current trade receivables” amounts to be billed for work performed totalling EUR 128,876 thousand in relation to construction projects for investments in gas extraction contracts, which are expected to be received in the long term and that were derecognised as a result of the sale of most of the Industrial Services business.

06.06. Trade and other receivables

The carrying amount of trade and other receivables is reflected in the following breakdown at 31 December 2021 and 2020:

	Thousands of Euros	
	Balance at 31/12/2021	Balance at 31/12/2020
Trade receivables for sales and services	6,650,251	8,342,206
Receivable from group companies and associates	36,236	158,038
Other receivables	1,400,815	1,762,431
Current tax assets	293,054	235,614
Total	8,380,356	10,498,289

The breakdown of “Trade receivables for sales and services” and the net trade receivables balance at 31 December 2021 and 2020 is as follows:

	Thousands of Euros	
	Balance at 31/12/2021	Balance at 31/12/2020
Trade receivables and notes receivable	4,258,716	5,223,000
Completed work pending certification	2,584,359	3,450,382
Allowances for doubtful debts	(192,824)	(331,176)
Total assets from receivables	6,650,251	8,342,206
Advances received on orders	(2,846,997)	(3,283,355)
Total liabilities from receivables	(2,846,997)	(3,283,355)
Total net trade receivables balance	3,803,254	5,058,851

Should the amount of output from inception, measured at the amount to be billed, of each project be greater than the amount billed up to the date of the statement of financial position, the difference between the two amounts relates to contractual assets and is recognised under “Completed work pending certification” under “Trade and other receivables” on the asset side of the consolidated statement of financial position.

Should the amount of output from inception be lower than the amount of the progress billings, the difference relates to contractual liabilities and is recognised under “Customer advances” under “Trade and other payables” on the liability side of the consolidated statement of financial position. Therefore, the balances are presented on the basis of each project/work at both 31 December 2021 and 31 December 2020.

“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.

Incremental costs are not significant in relation to the total customer contract assets.

The Group companies assign trade receivables to financial institutions, without the possibility of recourse against them in the event of non-payment. The reduced balance of receivables amounted to EUR 1,012,001 thousand at 31 December 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 statement of financial position. The Group companies continued to manage collection during the year.

06.07. Impairment losses

There were no significant impairment losses in 2021 or 2020. There were no significant reversals of impairment losses on financial assets in 2021 or 2020.

06.08. Cash and cash equivalents

“Cash and cash equivalents” includes the Group’s cash and short-term bank deposits with an original maturity of three months or less. At 31 December 2021, this heading mainly included EUR 4,902 million corresponding to the sale of most of the Industrial Services Division (see Note 01.04.02). The carrying amount of these assets amounting to EUR 312,392 thousand at 31 December 2021 (EUR 315,331 thousand at 31 December 2020) reflects their fair value and there are no restrictions as to their use.

07. Inventories

The detail of “Inventories” at 31 December 2021 and 2020 is as follows:

	Thousands of Euros	
	31/12/2021	31/12/2020
Merchandise	168,813	185,532
Raw materials and other supplies	294,354	242,287
Work in progress	218,396	179,544
Finished goods	16,742	17,218
Others	43,787	90,660
Total	742,092	715,241

The balance of inventories at 31 December 2021 relates mainly to the EUR 345,215 thousand (EUR 284,094 thousand at 31 December 2020) contributed by the Hochtief Group, including projects in progress amounting to EUR 174,707 thousand (EUR 146,970 thousand at 31 December 2020), mainly real estate (land and buildings) owned by Hochtief and its Australian subsidiary Cimic, and that were not subject to restrictions at 31 December 2021 or 31 December 2020, and to real estate assets in the rest of the ACS Group amounting to EUR 217,408 thousand (EUR 222,662 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 31 December 2021 or at 31 December 2020.

Impairment losses on inventories recognised and reversed in the consolidated income statement, relating to the various ACS Group companies, amounted to EUR 87 thousand and EUR 7,335 thousand, respectively in 2021 (EUR 416 thousand and EUR 1,711 thousand, respectively in 2020).

08. Equity

08.01. Share capital

As at 31 December 2021, the share capital of the Parent Company amounted to EUR 152,332 thousand and was represented by 304,664,594 fully subscribed and paid shares with a par value of EUR 0.5 each, all with the same voting and dividend rights. As at 31 December 2020, the share capital of the Parent Company amounted to EUR 155,332 thousand and was represented by 310,664,594 fully subscribed and paid shares with a par value of EUR 0.5 each, all with the same voting and dividend rights.

On 11 November 2021, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. agreed to reduce capital by EUR 3 million of the nominal value through the retirement of 6 million shares of the Company’s treasury stock, subject to authorisation by the shareholders at the Annual General Meeting of 7 May 2021.

Subsequent to 2021 year-end, in accordance with the resolution passed at the Annual General Meeting held on 7 May 2021, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. agreed to reduce share capital, with a charge to profit or unrestricted reserves, through the retirement of the Company’s treasury shares for a nominal amount of EUR 5 million through the retirement of 10 million ACS treasury shares, making the corresponding provision with a charge to reserves as indicated in paragraph e) of section 335 of the Spanish Companies Act. Following this retirement of treasury shares, the share capital amounted to EUR 147,332 thousand and is represented by 294,664,594 fully subscribed and paid shares with a par value of EUR 0.5 each, all with the same voting and dividend rights (see Note 01.06).

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

The Annual General Meeting held on 8 May 2020 agreed to delegate to the Board of Directors, in accordance with the provisions of article 297.1(b) of the Consolidated Text of the Spanish Companies Act, the power to increase, on one or more occasions, the share capital of the Company up to a maximum of 50% of the share capital, as of the date of the Meeting, within a maximum period of five years from the date of the aforementioned General Meeting.

The share capital increase(s) may be carried out, with or without a share premium, either by increasing the par value of the existing shares with the requirements set forth in the law, or by issuing new shares, ordinary or preferential, with or without voting rights, or redeemable shares, or any other type of shares permitted by law or several types at the same time, consisting of a consideration for the new shares or an increase in the par 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, if the issue is undersubscribed, the share capital will only be increased by the amount of the shares subscribed, and revise the wording of the corresponding article of the Company Bylaws regarding the share capital and number of shares.

The Board of Directors is expressly granted the power to exclude, in whole or in part, the pre-emptive subscription right up to a maximum nominal amount, collectively, equal to 20% of the share capital at the time of authorisation in relation to all or any of the issues agreed upon on the basis of this authorisation, in line with the provisions of article 506 of the Spanish Companies Act, also including the exclusions of the pre-emptive subscription rights made in the framework of securities issues in accordance with the agreement approved at the Annual General Meeting of 10 May 2019.

At the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 7 May 2021, the shareholders resolved, among other matters, to carry out a share capital increase and reduction. In this regard, the Company resolved to increase share capital to a maximum of EUR 574 million with a charge to unrestricted 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 Committee, 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 Annual General 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 the ACS Group 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).

In this regard, on 9 June 2021, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase with a charge to reserves approved at the Annual General Meeting held on 7 May 2021, so that once the process was concluded in July 2021, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued was 8,329,558 shares, and the nominal amount of the related capital increase was EUR 4,164,779. On that same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 4,164,779 through the retirement of 8,329,558 treasury shares and allocated the same amount to reserves as the nominal value of the retired shares, i.e., EUR 4,164,779, as provided for in article 335.c) of the Spanish Companies Act.

On 3 January 2022, ACS, Actividades de Construcción y Servicios, S.A. decided to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 7 May 2021, and, on this same date, 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 (see Note 08.02).

At the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 8 May 2020, the shareholders resolved, among other matters, to carry out a share capital increase and reduction. In this

regard, the Company resolved to 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 Committee, 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 Annual General 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 the ACS Group 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).

In this regard, on 10 June 2020, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase with a charge to the share premium, approved at the Annual General Meeting held on 8 May 2020, so that once the process was concluded in July 2020, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued was 11,377,057 shares, and the nominal value of the related capital increase was EUR 5,688,528.50, with a simultaneous capital reduction of EUR 5,688,528.50 through the retirement of 11,377,057 treasury shares, and with an allocation to reserves for the same amount as the nominal value of the retired shares, i.e., EUR 5,688,528.50, as provided for article 335.c) of the Spanish Companies Act.

On 11 January 2021, ACS, Actividades de Construcción y Servicios, S.A. decided to carry out the second capital increase with a charge to the share premium approved by the shareholders at the Annual General Meeting held on 8 May 2020, and, on this same date, 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 (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 Company, 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), and Cimic Group Limited on the Australia Stock Exchange.

08.02. Treasury shares

The changes in "Treasury Shares" in 2021 and 2020 were as follows:

	2021		2020	
	Number of shares	Thousands of Euros	Number of shares	Thousands of Euros
At beginning of the year	25,604,641	636,011	11,386,246	402,542
Purchases	20,169,758	472,252	32,494,620	738,218
Depreciation and sales	(16,897,723)	(416,347)	(18,276,225)	(504,749)
At end of the year	28,876,676	691,916	25,604,641	636,011

On 11 January 2021, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to the share premium approved by the shareholders at the Annual General 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 through the retirement of the necessary treasury shares. The definitive number of shares, subject to the capital increase, was 2,568,165 shares for a nominal amount of EUR 1,284,082.50, which were retired simultaneously for the same amount (see Note 01.10), and with an

allocation to reserves for the same amount as the nominal value of the retired shares, i.e., EUR 1,284,082.50, as provided for in article 335.c) of the Spanish Companies Act.

On 9 June 2021, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase with a charge to reserves approved at the Annual General Meeting held on 7 May 2021, so that once the process was concluded in July 2021, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued was 8,329,558 shares, and the nominal amount of the related capital increase was EUR 4,164,779. On that same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 4,164,779 through the retirement of 8,329,558 treasury shares and allocated the same amount to reserves as the nominal value of the retired shares, i.e., EUR 4,164,779, as provided for in article 335.c) of the Spanish Companies Act (see Note 08.01).

On 11 November 2021, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. agreed to reduce capital by EUR 3 million of the nominal value through the retirement of 6 million shares of the Company's treasury stock, subject to authorisation by the shareholders at the Annual General Meeting of 7 May 2021 (see Note 08.01).

On 3 January 2022, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 7 May 2021. The purpose of the capital increase 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 capital reduction through the retirement of treasury shares, which was approved at the same General Meeting, for a maximum amount equal to the amount by which the share capital was actually increased as a result of the second capital increase referred to in the previous paragraph.

On 4 February 2020, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to reserves, approved at the Annual General 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 shares, with the nominal value of the related capital increase being EUR 1,449,584.00. On that same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 1,449,584.00 through the retirement of 2,899,168 treasury shares and allocated the same amount to reserves as the nominal value of the retired shares, i.e., EUR 1,449,584.00, as provided for in article 335.c) of the Spanish Companies Act.

On 10 June 2020, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase with a charge to the share premium approved at the Annual General Meeting held on 8 May 2020, so that once the process was concluded in July 2020, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued was 11,377,057 shares, and the nominal amount of the related capital increase was EUR 5,688,528.50. On that same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 5,688,528.50 through the retirement of 11,377,057 treasury shares and allocated the same amount to reserves as the nominal value of the retired shares, i.e., EUR 5,688,528.50, as provided for in article 335.c) of the Spanish Companies Act (see Note 08.01).

As at 31 December 2021, the Group held 28,876,676 treasury shares of the Parent Company, with a par value of EUR 0.5 each, representing 9.5% of the share capital, with a consolidated net carrying amount of EUR 691,916 thousand which is recognised in equity under "Treasury shares" in the consolidated statement of financial position. At 31 December 2020, the Group held 25,604,641 treasury shares of the Parent Company, with a par value of EUR 0.5 each, representing 8.2% of the share capital, with a consolidated net carrying amount of EUR 636,011 thousand which was recognised in equity under "Treasury shares" in the consolidated statement of financial position.

In 2021, ACS notified the CNMV of the changes made to the treasury share buyback programme, which at year-end included a maximum of 21,100,000 shares to be acquired and a maximum investment of up to EUR 633 million, with a maximum term of up to 31 July 2022.

The average purchase price of ACS shares in 2021 was EUR 23.41 per share (EUR 22.72 per share in 2020).

08.03. Adjustments for changes in value

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

	Thousands of Euros	
	2021	2020
Beginning balance	(668,772)	(356,377)
Hedging Instruments	86,233	7,449
Available-for-sale financial assets	20,700	(6,758)
Exchange differences	390,921	(313,086)
Ending balance	(170,918)	(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 statement of financial position, and to future transaction commitments qualifying for hedge accounting. The variations in the period are mainly due to translation differences arising from fluctuations in the exchange rate for the US dollar, the Australian dollar and the Brazilian real.

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

09. Non-current provisions

The breakdown of the balance of this heading at 31 December 2021 and 2020 is as follows:

	Thousands of Euros	
	31/12/2021	31/12/2020
Provision for pensions and similar obligations	441,375	481,609
Personnel-related Provisions	169,884	134,507
Provision for third-party liability, taxes and for actions on infrastructure	1,224,008	660,259
Total	1,835,267	1,276,375

The decrease in provisions for pensions and similar obligations has mainly been due to the increase by Hochtief of the discount rate used to measure its pension obligations in Germany, the United States and the United Kingdom to 1.31%, 2.64% and 1.80%, respectively, at 31 December 2021 (1.00%, 2.17% and 1.45%, respectively, at 31 December 2020).

Notes 20 and 36.2 to the ACS Group's Consolidated Annual Accounts for the year ended 31 December 2020 describe the main disputes, including the main litigation of a tax and legal nature, affecting the Group at that date. The increase between years is mainly due to the provisions made to cover operational risks, litigation and claims both in Spain and abroad, including guarantees for possible claims related to assets sold, which were reassessed during the year.

The total amount of payments arising from lawsuits involving the ACS Group in 2021 and 2020 is not significant in relation to these condensed consolidated financial statements.

10. Financial liabilities

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

	Thousands of Euros			
	31/12/2021		31/12/2020	
	Non-Current	Current	Non-Current	Current
Debt instruments and other marketable securities	4,096,426	640,907	3,137,017	943,609
Bank borrowings	4,524,806	1,128,861	5,116,027	1,853,689
- with limited recourse	51,069	18,472	73,318	16,123
- other	4,473,737	1,110,389	5,042,709	1,837,566
Other financial liabilities	96,122	38,723	116,992	88,510
Total	8,717,354	1,808,491	8,370,036	2,885,808

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

	Thousands of Euros			
	Value at 31/12/2021	Fair value through profit or loss	Fair value through other comprehensive income (equity)	Amortized cost
Long Term Financial Liabilities	8,717,354	—	—	8,717,354
Debt instruments and other negotiable securities	4,096,426	—	—	4,096,426
Payables to credit institutions	4,463,725	—	—	4,463,725
Payables on lease of goods	10,012	—	—	10,012
Project financing and debt with limited resources	51,069	—	—	51,069
Other long-term financial payables not in banks	80,404	—	—	80,404
Long-term payables to group and associated companies	15,718	—	—	15,718
Short Term Financial Liabilities	1,808,491	—	—	1,808,491
Debt instruments and other negotiable securities	640,907	—	—	640,907
Payables to credit institutions	1,104,831	—	—	1,104,831
Payables on lease of goods	5,558	—	—	5,558
Project financing and debt with limited resources	18,472	—	—	18,472
Other short-term financial payables not in banks	35,287	—	—	35,287
Short-term payables to group and associated companies	3,436	—	—	3,436

	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 31 December 2021, the ACS Group had debentures and bonds issued amounting to EUR 4,096,426 thousand in non-current issues and EUR 640,907 thousand in current issues (EUR 3,137,017 thousand in non-current issues and EUR 943,609 thousand in current issues, respectively, 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 as at 31 December 2021 are as follows:

- In 2021, ACS, Actividades de Construcción y Servicios, S.A. renewed the Euro Commercial Paper (ECP) programme for a maximum amount of EUR 750 million, which was registered in the Irish Stock Exchange. Through this programme, ACS may issue notes maturing between 1 and 364 days, thus enabling the diversification of financing channels in the capital market. As at 31 December 2021, the issues outstanding under the aforementioned programmes amounted to EUR 182.850 thousand (EUR 247,041 thousand at 31 December 2020).
- It also renewed its debt issue programme, called the Euro Medium-Term Note Programme (EMTN Programme), for a maximum amount of EUR 1,500 million, which was approved by the Central Bank of Ireland.
- Furthermore, ACS, Actividades de Construcción y Servicios, S.A. renewed the Negotiable European Commercial Paper (NEU CP) programme in 2021 for EUR 500 million, with a maximum issue term of 365 days, under the regulation of the Bank of France (pursuant to Article D.213-2 of the French Monetary and Financial Code) listed on the Luxembourg Stock Exchange. As at 31 December 2021, the issues outstanding under the aforementioned programmes amounted to EUR 254.000 thousand (EUR 238.000 thousand at 31 December 2020).
- On 26 April 2021, Hochtief issued a bond of EUR 500 million, with a term of 8 years and an annual coupon of 0.625% on the international capital market. The credit rating agency S&P gave the bond an investment grade rating of BBB-. The issue has allowed Hochtief to diversify and extend the maturity profile of its long-term loans.

- On 21 May 2021 and 2 June 2021, Cimic Finance Pty Limited issued a total of EUR 625 million in eight-year corporate bonds under the Euro Medium-Term Note Programme. The bonds accrue interest at an annual fixed rate of 1.5%, payable annually as of 28 May 2021, and mature on 28 May 2029. Moody's and Standard & Poor's gave the bond an investment grade rating of Baa2 and BBB-, respectively. In relation to this bond issue, Cimic 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 detail of the ACS Group's main bonds at 31 December 2021 and 2020 is as follows:

Bonds	Carrying amount 31/12/2021	Carrying amount 31/12/2020	Price 31/12/2021	Price 31/12/2020	Principal (Millions of Euros)	Coupon (%)	Initial term (in years)	Maturity
ACS 750	751,619	750,455	101.24%	102.67%	750	1.375%	5	April 2025
ACS 120	—	120,351	Expired	n.a.	120	0.375%	2	February 2021
ACS 50	50,002	50,001	n.a.	n.a.	50	0.785%	4.11	June 2023
ACS SC&E	757,598	755,551	105.15%	107.76%	750	1.875%	8	April 2026
HOCHTIEF 500	502,485	501,949	104.92%	107.06%	500	1.750%	7	July 2025
HOCHTIEF 50 CHF	48,524	46,389	n.a.	n.a.	49	0.769%	6	June 2025
HOCHTIEF 50	50,635	50,622	n.a.	n.a.	50	2.300%	15	April 2034
HOCHTIEF 500	496,960	496,278	100.51%	101.42%	500	0.500%	8	September 2027
HOCHTIEF 1000 NOK	100,745	96,083	n.a.	n.a.	101	1.700%	10	July 2029
HOCHTIEF 250	249,414	249,246	100.73%	102.38%	250	1.250%	12	September 2031
HOCHTIEF 500	495,499	—	97.21%	n.a.	500	0.625%	8	April 2029
CIMIC FINANCE 500 USD	176,591	164,458	102.13%	103.75%	177	5.950%	10	November 2022
CIMIC 625	620,271	—	100.06%	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 loan in the amount of EUR 2,100,000 thousand divided into two tranches (tranche A of the loan, drawn down in full, in the amount of EUR 950,000 thousand, and tranche B, a liquidity facility, in the amount of EUR 1,150,000 thousand), which matures on 13 October 2025 and was extended at the end of July 2021 for an additional year until 13 October 2026. No amount has been drawn down on the liquidity facility of tranche B as at 31 December 2021 and 2020. There have been no changes with regard to the other terms and conditions.
- As part of the acquisition of Abertis, ACS, Actividades de Construcción y Servicios, S.A. entered into loan agreements with various entities in the amount of EUR 700 million with differing maturities in 2023 (between 28 June and 12 December 2023), at market interest rates tied to the Euribor at 31 December 2021 and 2020.
- Hochtief's syndicated loan signed in May 2020 and that was fully drawn down in the amount of EUR 400 million had been fully repaid as of 31 December 2021.
- Cimic also had syndicated financing at 31 December 2021, with the following maturity dates:
 - AUD 1,300 million maturing on 18 September 2022.
 - AUD 950 million maturing on 25 September 2023.

- AUD 950 million maturing on 25 September 2024.

The amount drawn down at 31 December 2021 was AUD 1,130 million (AUD 2,400 million at 31 December 2020).

- In the first quarter of 2021, Cimic signed a three-year syndicated guarantee facility 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 238,387 thousand), which was drawn down in full by Dragados Construction USA, Inc. The principal of this loan accrues interest at a rate tied to the Libor. On 22 June 2021, an agreement was reached to roll over the aforementioned loan agreement, whereby the amount of the loan was simultaneously repaid in part and increased, resulting in a tranche A of USD 232,750 thousand (EUR 205,499 thousand) and a tranche B of USD 62,250 thousand (EUR 54,962 thousand). Dragados Construction USA, Inc. used USD 37,250 thousand (EUR 32,897 thousand) of tranche B to partially repay the initial amount, whereby both tranches were drawn down in full at 2021 year-end. The total amount of the loan was EUR 295,000 thousand (EUR 260,460 thousand). In addition, the maturity date was extended to 28 June 2026, the date on which it will be fully repaid, with the rest of the terms and conditions unchanged.
- On 20 December 2018, Dragados, S.A. entered into a syndicated transaction amounting to a total of 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 agreement was renewed, and tranches A and B were increased by EUR 70,000 thousand each, for a total of EUR 463,800 thousand. As at 31 December 2021, only EUR 231,900 thousand of tranche A had been drawn down. B Tranche B has not been drawn down. The principal of the loan and the credit facility will accrue interest tied to the Euribor, maturing on 20 December 2023.

“Project finance with limited recourse” on the liability side of the consolidated statement of financial position mainly includes the amount of the financing related to infrastructure projects.

The detail of this heading, by type of financed asset, at 31 December 2021 is as follows:

	Thousands of Euros		
	Current	Non-current	Total
Highways	10,583	39,803	50,386
Other infrastructures	7,889	11,266	19,155
Total	18,472	51,069	69,541

The detail of this heading, by type of financial asset, 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 2021 and 2020, the ACS Group satisfactorily met 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 2021 regarding the financial risks of the ACS Group detailed in the 2020 Consolidated Annual Accounts are as follows:

- ACS, Actividades de Construcción y Servicios, S.A. renewed the Euro Commercial Paper (ECP) programme for a maximum amount of EUR 750 million, the Negotiable European Commercial Paper (NEU CP) programme for EUR 500 million, and the debt issuance program known as Euro Medium-Term Note Programme (EMTN Programme) for a maximum amount of EUR 1,500 million.
- Hochtief and Cimic have issued bonds in the amount of EUR 500 million and EUR 625 million with a term of 8 years, respectively.
- On 30 December 2021, the ACS Group received EUR 4,901.7 million in cash corresponding to the sale of most of the Industrial Services Division.
- In March 2021, the credit rating agency Standard and Poor's (S&P) granted ACS, Actividades de Construcción y Servicios, S.A. a long-term corporate credit rating of BBB- and a short-term rating of A-3, with a stable outlook. Hochtief and Cimic also obtained the same credit rating.

At 31 December 2021, "Other current financial assets" in the consolidated statement of financial position (see Note 6) amounts to EUR 1,280,079 thousand (EUR 1,354,982 thousand at 31 December 2020), of which EUR 689,171 thousand (EUR 771,948 thousand at 31 December 2020) could be settled in less than three months, if the Group chooses to do so, due to the instrument's own liquid nature or its own term. In addition, the fair value of the forward purchase contracts (settled by differences) relating to ACS shares amounting to EUR 198,842 thousand at 31 December 2021 (EUR 247,163 thousand at 31 December 2020) are considered to be liquid, since they may be disposed of at any time (see Note 11).

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

10.03. Capital management

The ACS Group's objectives in relation to capital management are to maintain an optimum financial and equity 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 debt with recourse:
 - + 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 31 December 2021 and 2020 was adequate, the detail being as follows:

	Thousands of Euros	
	31/12/2021	31/12/2020
Net recourse debt / (cash)	(2,078,181)	1,730,330
Non-current bank borrowings (Note 10.02)	4,473,737	5,042,709
Current bank borrowings (Note 10.02)	1,110,389	1,837,564
Issue of bonds and debentures (Note 10.01)	4,737,333	4,080,626
Other financial liabilities (Note 10.02)	134,844	205,504
Long term deposits, other current financial assets and cash	(12,534,484)	(9,436,073)
Project financing (Note 10.02)	69,541	89,441
Net financial debt (Nota 01.07)	(2,008,640)	1,819,771
Equity (Note 08)	7,028,203	4,275,907

11. Derivative financial instruments

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

	Thousands of Euros			
	31/12/2021		31/12/2020	
	Assets	Liabilities	Assets	Liabilities
Hedges	11,570	24,433	17,836	41,599
Non-qualified hedges	7	8,617	11	8,192
Non-current	11,577	33,050	17,847	49,791
Hedges	374	1,593	2,733	29,270
Non-qualified hedges	200,501	171,198	248,583	126,190
Current	200,875	172,791	251,316	155,460
Total	212,452	205,841	269,163	205,251

The assets and liabilities designated as hedging instruments include 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.

In relation to the issue of EUR 625.0 million in 8-year fixed-rate corporate bonds under the Euro Medium-Term Notes Programme by Cimic in May and June 2021 (see Note 10.01), Cimic entered into a cross-currency interest rate swap to hedge exposure to exchange rate fluctuations between the Australian dollar and the euro. The terms of the swap coincide with the term and value of the underlying asset and Cimic has designated and documented it as a hedging relationship and has exchanged the fixed-rate euro debt for debt in Australian dollars with an interest rate of 3.5%. The notional principal amount of the derivative is EUR 625 million and the fair value of the derivative is EUR 8.4 million, recognised under "Current payables for 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 the derivatives that do not meet hedging conditions.

In the second half of 2018, a new ACS share option plan was established which, like the previous ones, is outsourced to financial institutions. 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 meet 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 financial institutions, the latter do not assume any risk arising from the drop in the share price below the exercise price. The negative fair value of the derivatives related to ACS shares amounted to EUR 170,954 thousand at 31 December 2021 (negative EUR 125,813 thousand at 31 December 2020), recognised under "Current derivative financial instruments" on the liability side of the accompanying consolidated statement of financial position.

ACS, Actividades de Construcción y Servicios, S.A. has had the following derivative since 1 November 2020, which was renewed in 2021, with the following current conditions: a forward contract derivative, 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 10.91 per share, adjustable on the basis of future dividends and 104 maturities between 10 October 2022 and 3 March 2023.

Since 21 December 2020, ACS, Actividades de Construcción y Servicios, S.A. has had a forward purchase contract on ACS shares, settled by differences, for a total of 11,953,655 options with a strike price of EUR 16.857 per share, adjusted for future dividends and 104 maturities between 7 March 2022 and 1 August 2022.

The positive fair value of the forward purchase contracts (settled by differences) related to ACS shares amounted to EUR 198,842 thousand at 31 December 2021 (EUR 247,163 thousand at 31 December 2020), recognised under "Current derivative financial instruments" on the asset side of the accompanying consolidated statement of financial position. The effect on the income statement has resulted in a loss of EUR 48,321 thousand recognised under "Changes in the fair value of financial instruments" in the accompanying consolidated income statement.

The amounts provided as security (see Note 06.05) relating to the aforementioned derivatives arranged by the Group amounted to EUR 194,095 thousand at 31 December 2021 (EUR 118,565 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% interest in Thiess to Cimic after the third year, i.e., four to six years after the sale on 31 December 2020. The exercise price will be the lower of the cost price or a price tied to changes in the S&P / ASX 200 Total Return Index plus the cumulative value of any shortfall in the minimum agreed 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 recognised at fair value through profit or 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 cannot be assessed using the market price. A probability-weighted expected return methodology is used to obtain the value of the income from the put option based on future potential payments if the option is exercised, adjusted for minimum annual distributions as per the shareholders' agreement, and compared to the estimated exercise price to determine a fair value. At 31 December 2021, the fair value of the put option was determined to be AUD 13 million, equivalent to EUR 8.3 million (AUD 13 million, equivalent to EUR 8.2 million at 31 December 2020).

The Group has recognised both its own credit risk and that of the counterparty based on each derivative for all derivative instruments measured at fair value through profit or 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) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices 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 31/12/2021	Level 1	Level 2	Level 3
Assets	1,209,898	575,259	335,844	298,795
Equity instruments	265,904	180,441	10,104	75,359
Loans to third parties	223,436	—	—	223,436
Debt securities	508,106	394,754	113,352	—
Derivative financial instruments				
Non-current	11,577	7	11,570	—
Current	200,875	57	200,818	—
Liabilities	205,841	526	196,990	8,325
Derivative financial instruments				
Non-current	33,050	292	24,433	8,325
Current	172,791	234	172,557	—

	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 in 2021 are as follows:

	Thousands of Euros					
	31/12/2020	Additions	Valuation adjustments	Transfer Level 2	Others	31/12/2021
Assets - Equity instruments and derivative financial instruments	70,019	223,436	15,287	—	(9,947)	298,795
Liabilities - Derivative financial instruments	8,178	—	147	—	—	8,325

The changes in financial instruments included under Level 3 in 2020 were 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 in 2021 or in 2020.

12. Tax matters

12.01. Deferred tax assets and liabilities

The detail of the deferred tax assets at 31 December 2021 and 2020 is as follows:

	Thousands of Euros					
	31/12/2021			31/12/2020		
	Tax Group in Spain	Other companies	Total	Tax Group in Spain	Other companies	Total
Credit for tax loss	—	255,735	255,735	462,294	353,052	815,346
Other temporary differences	257,782	259,214	516,996	468,123	410,847	878,970
Tax credits and tax relief	72,704	3,960	76,664	189,444	5,093	194,537
Total	330,486	518,909	849,395	1,119,861	768,992	1,888,853

The tax loss carryforwards of the ACS Tax Group in Spain arose from the consolidated tax loss for 2012, mainly due to the impairment and unrealised losses related to the investment in Iberdrola, S.A. This tax credit does not expire. As a result of the sale of most of the Industrial Services Division to the Vinci Group, the ACS Group reassessed the recoverability of the tax credits as at 31 December 2021. Taking into account that most of the taxable profit justifying the recoverability of the tax loss carryforwards and tax credits of the Tax Group in Spain came from the portion of the Industrial Services Division that was sold to Vinci, the Group's directors considered that, based on future estimates, the tax loss carryforwards in the amount of EUR 459,982 thousand and the tax credits in the amount of EUR 90,735 thousand had to be derecognised for accounting purposes. Furthermore, it has been estimated that EUR 72.7 million in tax credits will be recovered before they expire for tax purposes. This effect was recognised under "Income tax" in the accompanying consolidated income statement. However, the Spanish Tax Group retains its rights from a tax point of view, so that they may be recognised in the future if, in accordance with accounting regulations, the requirements for doing so are considered to have been met.

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 Spanish Tax Group's temporary differences is due to the fact that the portion corresponding to the Industrial Services Division was reclassified under "Non-current assets held for sale and discontinued operations" in the accompanying condensed statement of financial position prior to the sale of this Division.

The deferred tax assets were recognised in the consolidated statement of financial position 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, in relation to the recoverability of deferred tax assets, the main positive and negative factors that apply to the recognition of these assets, identifying that the following factors, among others, are met:

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.
- Existence of 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 financial 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 operating event.

At 31 December 2021, deferred tax assets and liabilities arising from temporary differences totalling EUR 445,343 thousand (EUR 407,282 thousand at 31 December 2020) have been offset. The offsetting was at the level of the same company or tax group and most of the offsetting arises in the Hochtief Group.

	Thousands of Euros	
	31/12/2021	31/12/2020
Deferred tax assets	1,294,738	2,296,135
Compensations of deferred tax assets/liabilities	(445,343)	(407,282)
Total deferred tax assets	849,395	1,888,853
Deferred tax liabilities	672,455	727,770
Compensations of deferred tax assets/liabilities	(445,343)	(407,282)
Total deferred tax liabilities	227,112	320,488

The deferred tax liabilities, which amount to EUR 227,112 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 31 December 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	2020 (*)
Consolidated profit/(loss) before tax	57,502	904,423
Profit or loss of companies accounted for using the equity method	(273,425)	(166,010)
	(215,923)	738,413
Tax charge at 25%	(53,981)	184,603
Effect of long-term differences	49,905	(26,437)
Deductions for tax incentives	(2,550)	(4,810)
Effect of the difference between applicable national rates	22,077	85,566
Expenses for non-recognition of deferred tax assets generated during the fiscal year, and other adjustments from prior fiscal years	773,921	16,199
Income tax expense / (income)	789,372	255,121

(*) 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.

In June 2019, the Group was notified that tax audits were being commenced on the Spanish tax group in relation to corporate income tax, from 2013 to 2016, and VAT and withholdings, for the 2015 and 2016. In 2021, the tax audit was concluded with assessments for VAT and corporate income tax signed on an uncontested and a contested basis, respectively, for insignificant amounts.

However, for the years open for review by the tax authorities, 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. However, the ACS Group's directors do not consider that any significant contingent liabilities in relation to the Group's profit could arise from any tax audit carried out.

13. Business segments

In accordance with the ACS Group's internal organisational 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 interest in Abertis), and is aimed at carrying out all types of civil construction and building projects, as well as the development and operation of infrastructure concessions, such as transportation, 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, in other words, 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 optimisation of the international business support structure. As a consequence of the above, this functional decentralisation 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 senior executives under a single management structure.

The infrastructure segment is a component differentiated from the company’s other components, in that it has differentiated financial information and has management or “segment manager” that reports directly to the highest operating decision-making authority, with which they remain 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 was 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 had 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. In 2021, most of this business area was sold to the Vinci Group and was therefore classified during the year as a discontinued operation (see Note 01.04.02).

c) Servicios

This area only includes Clece’s facility management business activity, which comprises comprehensive maintenance services for buildings, public places and organisations, as well as assistance to 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 that it should be reported as a differentiated segment since the nature of the goods and services it provides is wholly differentiated and identifiable, it reports independently to the Group, and this presentation is considered to be more useful to the users of the financial statements.

The detail of the assets and liabilities by segment at 31 December 2021 and 2020 is as follows:

	Thousands of Euros			
	Assets		Liabilities	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Infrastructure	25,372,976	26,135,396	20,258,279	21,133,150
Industrial Services	8,825,648	8,987,261	8,130,813	7,862,573
Services	1,559,489	1,434,431	764,412	658,969
Corporate unit and adjustments	(93,768)	776,632	(517,362)	3,403,121
Total	35,664,345	37,333,720	28,636,142	33,057,813

The breakdown of ordinary income by segments at 31 December 2021 and 2020 is as follows:

Business segments	Thousands of Euros	
	2021	2020 (*)
Infrastructure	25,972,167	27,608,116
Industrial Services	230,168	148,505
Services	1,642,527	1,554,649
(-) Adjustments and eliminations of ordinary inter-segment income	(8,204)	(6,573)
Total	27,836,658	29,304,697

(*) 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 31 December 2021 and 2020 is as follows:

Business segments	Thousands of Euros	
	2021	2020 (*)
Infrastructure	505,724	452,102
Industrial Services	393,184	315,191
Services	57,994	16,342
Total profit of the segments reported upon	956,902	783,635
(+/-) Non-assigned profit	2,257,992	109,825
(+/-) Income tax and / or profit / (loss) from discontinued operations	(3,157,392)	10,963
Profit / (Loss) before tax	57,502	904,423

(*) Restated unaudited.

Revenue by geographical area at 31 December 2021 and 2020 is as follows:

Revenue by Geographical Area	Thousands of Euros	
	2021	2020 (*)
Domestic market	2,987,802	2,883,340
Foreign market	24,848,856	26,421,357
a) European Union	1,888,458	1,829,368
a.1) Euro Zone	1,021,641	970,740
a.2) Non Euro Zone	866,817	858,628
b) Rest of countries	22,960,398	24,591,989
Total	27,836,658	29,304,697

(*) Restated unaudited.

Revenue amounting to EUR 27,836,658 thousand in 2021 (EUR 29,304,697 thousand in 2020) includes performance obligations recognised mainly through the application of the product method in the infrastructure businesses (civil construction, PPP, etc.), the services business (including construction management, and comprehensive maintenance services for buildings, public places and organisations, together with assistance to people).

Revenue by type for 2021 is as follows:

	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Infrastructure	11,142,230	40.0 %	14,519,024	52.2 %	310,913	1.1 %	25,972,167	93.3%
Industrial Services	—	0.0 %	25,561	0.1 %	204,607	0.7 %	230,168	0.8%
Services	—	0.0 %	1,642,536	5.9 %	(9)	0.0 %	1,642,527	5.9%
Corporate unit and adjustments	—	0.0 %	—	0.0 %	(8,204)	0.0 %	(8,204)	0.0%
Total	11,142,230	40.0 %	16,187,121	58.2 %	507,307	1.8 %	27,836,658	100.0%

Revenue by type for 2020 was as follows:

(*)	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Infrastructure	10,087,608	34.4 %	17,219,450	58.8 %	254,864	0.9 %	27,608,116	94.2%
Industrial Services	—	0.0 %	38,643	0.1 %	109,862	0.4 %	148,505	0.5%
Services	—	0.0 %	1,554,657	5.3 %	(8)	0.0 %	1,554,649	5.3%
Corporate unit and adjustments	—	0.0 %	—	0.0 %	(6,573)	0.0 %	(6,573)	0.0%
Total	10,087,608	34.4 %	18,812,750	64.2 %	358,145	1.2 %	29,304,697	100.0%

(*) Restated unaudited.

Revenue in 2020 included EUR 694.2 million corresponding to the reversal of the income received for the Gorgon Jetty project in accordance with IFRS 15 for variable consideration.

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

Revenue by Countries	Thousands of Euros	
	2021	2020 (*)
United States	14,823,645	15,687,201
Australia	5,190,145	5,054,425
Spain	2,987,802	2,883,340
Canada	1,601,619	1,626,533
Germany	925,899	857,398
Hong Kong	490,082	548,863
New Zealand	375,206	286,422
United Kingdom	345,371	401,257
New Zealand	285,831	292,760
Other	811,058	1,666,498
Total	27,836,658	29,304,697

(*) Restated unaudited.

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

	Thousands of Euros	
	31/12/2021	31/12/2020 (*)
Infrastructure	64,378,903	57,723,548
Industrial Services	—	—
Services	2,882,791	2,701,135
Total	67,261,694	60,424,683

(*) Restated unaudited.

Revenue by backlog at 31 December 2021 is as follows:

	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Infrastructure	26,361,143	39.2 %	37,911,847	56.4 %	105,913	0.2 %	64,378,903	95.7 %
Services	—	0.0 %	2,882,791	4.3 %	—	0.0 %	2,882,791	4.3 %
Total	26,361,143	39.2 %	40,794,638	60.7 %	105,913	0.2 %	67,261,694	100.0 %

Revenue by backlog at 31 December 2020 was as follows:

(*)	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Infrastructure	26,903,662	44.5 %	30,650,262	50.7 %	169,624	0.3 %	57,723,548	95.5%
Services	—	0.0 %	2,701,135	4.5 %	—	0.0 %	2,701,135	4.5%
Total	26,903,662	44.5 %	33,351,397	55.2 %	169,624	0.3 %	60,424,683	100.0%

The backlog would be equivalent to approximately 26 months of activity at 31 December 2021 (23 months at 31 December 2020).

14. Finance costs

The ordinary financial expense increased due to less finance income mainly as a result of a lower average cash balance during the year with reduced rates. Finance costs include factoring expenses.

15. Average headcount

The detail of the average number of employees, by professional category and gender, in 2021 and 2020 is as follows:

By professional category	Average number of employees					
	2021			2020 (*)		
	Men	Women	Total	Men	Women	Total
University graduates	10,994	4,386	15,380	13,283	4,595	17,878
Junior college graduates	1,822	2,247	4,069	2,345	3,076	5,421
Non-graduate line personnel	9,253	6,821	16,074	10,342	7,171	17,513
Clerical personnel	1,777	2,580	4,357	2,413	3,098	5,511
Other employees	27,900	53,047	80,947	37,300	53,137	90,437
Total	51,746	69,081	120,827	65,683	71,077	136,760

(*) Restated unaudited.

The average number of employees for 2020 includes 11,862 employees of Thiess, a company of which 50% was sold on 31 December 2020 and that was accounted for in the consolidated financial statements at 31 December 2021 using the equity method.

16. Impairment and gains or losses on disposal of non-current assets and financial instruments and other results

The breakdown of “Impairment and gains or losses on disposal of non-current assets” in 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020 (*)
Impairment of assets	(298,586)	(26,804)
Gains or losses on disposal of assets	98,944	1,103,874
Total	(199,642)	1,077,070

(*) Restated unaudited.

In 2021, “Impairment and gains on the disposal of non-current assets” includes the profit on the sale of the shares representing the entire share capital of Continental Rail, S.A.U. on 30 June 2021 for EUR 14.8 million to the French group CMA CGM, as well as the gain on the sale (see Note 01.08) of the transmission lines in Brazil, photovoltaic plants in Bonete and Galisteo, the Toledo Hospital, the public offering of Ventia's shares and the earn-out received in the year from the sale of Urbaser for EUR 28 million. “Impairment/ Reversal of impairment on non-current assets” relates mainly to the provisions made as a result of the reassessment of the Group's operating risks at the end of 2021.

In 2020, the gains on the disposal of non-current assets mainly included the gain on the sale of 50% of Thiess and subsequent joint control with the partner Elliot by Cimic (see Note 01.08 and Note 05) at the end of the year in the amount of EUR 1,111 million and the gain on the sale of the shadow toll roads (see Note 01.08).

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

	Thousands of Euros	
	2021	2020 (*)
Impairment of financial instruments	11,409	107,997
Gains or losses on disposal of financial instruments	2,858	3,414
Total	14,267	111,411

(*) Restated unaudited.

“Other results” in the consolidated income statement, which negative amounts to EUR 246,790 thousand in 2021 (EUR 1,921 thousand in 2020), mainly includes amounts related to extraordinary work completed and indemnities or litigation relating to work completed with losses in previous years on various projects in Spain and abroad. This heading also includes restructuring costs and cost overruns that could not be recovered as a result of the pandemic in 2021.

17. Changes in fair value of financial instruments

This heading includes the effect on the consolidated income statement of derivative instruments that do not meet the efficiency criteria provided in IAS 39, or that are not hedging instruments. The most significant effect in 2021 relates to derivatives on ACS, Actividades de Construcción y Servicios, S.A. share options, which gave rise to a loss of EUR 45,142 thousand (a loss of EUR 106,773 thousand in 2020), as described in Note 11. Additionally, this heading reflects the negative effect associated with the derivatives on ACS shares (forward purchase contracts settled by differences), which resulted in a loss of EUR 48,321 thousand (a profit of EUR 181,366 thousand in 2020 relating to reverse collars).

In addition, 2020 reflects the effect of changes in the value of the shares of Masmovil, which resulted in a profit of EUR 7,560 thousand.

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 (CNMV).

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

The following transactions were performed in 2021:

2021 Related transactions Management or collaboration contracts	Directors and executives	Other related parties			Total
		Fidalsar, S.L.	Others	Total	
Thousands of Euros					
Services received	—	65	1	66	66
Expenses	—	65	1	66	66
Services rendered	—	—	212	212	212
Income	—	—	212	212	212

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	—	1,206	1,206

The following transactions were performed in 2020:

2020 Related transactions Management or collaboration contracts	Directors and executives	Other related parties				Total
		Fidalsar, S.L.	Vedelobo, S.L.	Others	Total	
Thousands of Euros						
Leases	—	40	—	—	40	40
Services received	—	104	10	—	114	114
Expenses	—	144	10	—	154	154
Services rendered	—	—	32	238	270	270
Income	—	—	32	238	270	270

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)	413,416	—	413,416
Dividends and other profit distributed	—	1,166	1,166

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 were detailed due to the relationship of Board member Javier Echenique until he ceased to hold the position of Vice President at that Bank in July 2021.

“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 related to ordinary Group company transactions.

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

20. Board of Directors and senior executives

20.01 Remuneration of the Board of Directors

In 2021 and 2020 the Board members of ACS, Actividades de Construcción y Servicios, S.A. received the following remuneration either as members of the Board of Directors of the Parent Company or members of the Board or senior executives of Group companies:

	Thousands of Euros	
	2021	2020
Remuneration for membership of the Board and / or Commissions	3,755	3,769
Wages	4,768	6,347
Variable cash remuneration	5,200	5,323
Total	13,723	15,439

The reduction in the amounts described is mainly due to the fact that Marcelino Fernández Verdes turned down re-election as Chief Executive Officer of the Parent Company in May 2021. The amount charged to the consolidated income statement in relation to share options granted in 2018 to members of the Board of Directors with executive duties was EUR 457 thousand (EUR 457 thousand in 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 Board members relating to mutual funds, pension plans and life insurance at 31 December 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	2020
Long-term savings systems	3,354	4,413
Other concepts	33	33
Total	3,387	4,446

The ACS Group does not have any balances with and has not granted any advances, loans or guarantees to any of the Board members at 31 December 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 31 December 2021 and 2020, was as follows:

	Thousands of Euros	
	2021	2020
Salary remuneration (fixed and variable)	22,112	36,220
Pension plans	2,067	2,610
Life insurances	41	59

The decrease in the amounts paid from year to year is mainly due to the reduction in the number of executives following the sale of most of the Industrial Services Division in 2021. The amounts recognised in the consolidated income statement in 2021 as a result of the share options granted to the Group's senior executives in July 2018 amounted to EUR 4,014 thousand (EUR 4,014 thousand in 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.

The ACS Group does not have any balances with and has not granted any advances, loans or guarantees to any of the senior executives at 31 December 2021 and 2020.

20.03. Share-based remuneration systems

ACS

On 25 July 2018, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A., in application of the authorisations granted by the Company's Annual General Meetings held on 28 April 2015

and 4 May 2017, and after a favourable report of the Remuneration Committee held on that same date, decided to establish an Options Plan on shares 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 Options 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 case of an employee's contract being terminated for reasons without just cause or if it is the beneficiary's own will, the options may be proportionally exercised 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 capitalisation greater than EUR 1,000 million and whose international sales exceed 15% of their total revenue. In order for the options to be exercised by the beneficiaries, the following two criteria are established, one of which is financial in nature and the other non-financial, and with different weightings:
 1. 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 since the ACS's average ROE for the period 2018-2020 was 19.6% compared to 10.5% of the adjusted average of the sector (without considering companies with losses).
 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 Dow Jones Sustainability Index. This criterion has also been met because ACS has been included in the DJSI World Index in 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 31 December 2021 and 2020 was EUR 23.570 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. The total amount provisioned for these share-based payment plans at 31 December 2021 is EUR 6,682 thousand (EUR 8,356 thousand at 31 December 2020). The effect recognised in the consolidated income statement in 2021 for this item was EUR 765 thousand (EUR 985 thousand in 2020). 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. Guarantee commitments to third parties and other contingent liabilities

21.01. Guarantee commitments to third parties

As at 31 December 2021, the ACS Group had provided guarantees and sureties to third parties in connection with its business activities totalling EUR 20,925,586 thousand (EUR 23,992,861 thousand at 31 December 2020), most of which are due to the inclusion of the bonding lines held by Dragados and Hochtief for carrying out their activities in the United States. The limit of the guarantees and sureties granted to third parties at 31 December 2021 amounted to EUR 26,822,795 thousand (EUR 31,976,567 thousand at 31 December 2020).

The item-by-item detail of the amounts arranged for these lines is as follows:

	Thousands of Euros	
	Disposed	
	31/12/2021	31/12/2020
Technical guarantees	6,852,857	8,449,339
Financial guarantees	322,396	1,889,390
Guarantees and guarantees in relation to Bonding Lines	13,750,333	13,359,190
Others	—	294,942
Total	20,925,586	23,992,861

The financial guarantees amounting to EUR 322 million (EUR 1,889 million at 31 December 2020) include EUR 126 million for progress guarantees (EUR 540 million at 31 December 2020), EUR 90 million correspond to capital contribution commitments for projects (EUR 117 million at 31 December 2020), with the remaining EUR 106 million corresponding to other financial guarantees (EUR 195 million at 31 December 2020). The reduction in financial guarantees between years is due to the execution or performance guarantees amounting to EUR 1,037 million that came from the companies of the Industrial Services Division sold in 2021.

The guarantees and sureties in relation to the bonding lines mentioned in the table above correspond to the guarantee of execution of the projects and operations carried out by ACS Group companies in the United States, Canada and the United Kingdom signed with various insurance companies.

The above amounts include the guarantees granted by Cimic on the sale of Thiess to Elliot (as described in Note 01.08). In this regard, the ACS Group has recognised as a derivative financial instrument the value of the put option for Elliott to sell all or part of its 50% interest in Thiess to Cimic after the third year, i.e., four to six years after the sale on 31 December 2020. The fair value of the option at 31 December 2021 (see Note 11) amounts to EUR 8.3 million (AUD 13 million). At 31 December 2020, the fair value of the option (see Note 11) was EUR 8.2 million (AUD 13.0 million).

The ACS Group's directors do not expect any material liabilities additional to those recognised in the accompanying consolidated statement of financial position to arise as a result of the transactions described in this Note. The contingent liabilities include the ordinary liability of the companies with which the Group carries out its business activities. Normal liability is that related to compliance with the contractual obligations assumed in the course of the construction or maintenance services or assistance to people, both by the companies themselves or the unincorporated joint ventures in which they have interests.

This coverage is achieved by means of the corresponding guarantees provided to secure the performance of the contracts, compliance with the obligations assumed in the concession agreements, etc.

All of the project financing, including that under "Non-current assets in projects" and that under "Non-current assets held for sale and discontinued operations" in the accompanying consolidated statement of financial

position, whether fully consolidated or accounted for using the equity method, has construction guarantees until the project enters into service.

In this connection, the Group, in its construction activity, has income recognition policies in place based on the certainty of collection, in accordance with the contractual terms and conditions of the agreements it executes. However, there are certain outstanding balances receivable that are under dispute with the corresponding customers or even, particularly with regard to international works, which require certain experts necessary to intermediate as arbitration processes have commenced to resolve such disputes. This includes the provision made by Cimic in the amount of AUD 675 million, equivalent to EUR 432 million at 31 December 2021 (AUD 675 million, equivalent to EUR 419 million at 31 December 2020). This provision was not used in either 2021 or 2020.

21.02. Other 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 the ACS Group in Alazor (highways R3 and R5) and the accounts receivable for Alazor, have been fully provided for in the Condensed Consolidated Financial Statements of the ACS Group for 2021 and 2020.

With regard to the claim 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 claim for declaratory judgment, which was notified to ACS, Actividades de Construcción y Servicios, S.A. and Desarrollo de Concesiones Viarias Uno, S.L. in 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 corresponding preliminary hearing was held before the Madrid Court of First Instance No. 13 (held on 8 March 2021), and the first hearing took place on 29 November 2021, it was suspended due to illness and has been rescheduled for 4 July 2022.

With regard to the claim for enforcement proceedings 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 as compensation for the harm and loss caused. In view of the opposition of the Funds, the Madrid Court of First Instance no. 51, after appointing a court-appointed expert and holding an hearing (held on 10 March 2021), upheld the Shareholders' claims by order dated 11 March 2021, recognising a total indemnity payment of EUR 26.19 million (EUR 11.3 million corresponding to the ACS Group) and ordering the Funds to pay the costs. The Funds have filed an appeal against this order, and a ruling will be handed down by the Madrid Provincial Appellate Court.

In May 2019, ACS, Actividades de Construcción y Servicios, S.A. and Desarrollo de Concesiones Viarias Uno, S.L. were notified of a second claim based on clause four (viii) of the Support Agreement, although this time it was a claim for declaratory judgment. In this claim Haitong Bank S.A. Sucursal en España, acting as agent of the financial syndicate, claimed payment of EUR 562.5 million. This claim was upheld by the Madrid Court of First Instance No. 26 by means of a judgment dated 2 November 2021 (notified on 4 November 2021), in which Alazor's shareholders and their respective guarantors are ordered to pay Haitong Bank, for subsequent distribution among the creditors, the following: (i) an amount of EUR 450 million (resulting from subtracting from the total amount claimed the EUR 112.5 million corresponding to Bankia, with which the claimants entered into an out-of-court agreement); (ii) the interest applied to procedural delays accrued since 21 December 2018; (iii) the procedural default interest from the date of the judgment; and (iv) the costs. This judgment distributes the amount claimed among each defendant, indicating that the shareholder Desarrollo de Concesiones Viarias Uno, S.L. and its guarantor ACS, Actividades de Construcción y Servicios, S.A. must pay EUR 132,880,130 plus interest, as well as one fourth of the costs.

A remedy of appeal was filed against this judgment on 20 December 2021, and a ruling must be handed down by the Madrid Provincial Appellate Court. It should be noted that, once the Court of First Instance considers this appeal to have been filed, Haitong Bank may request the provisional enforcement of the judgment and, if it is granted leave to proceed by the Court, it will issue an enforcement order indicating that each of the entities is ordered to deposit or designate assets for an amount equivalent to the portion of the principal corresponding to them and recognise a provision for interest and costs, which is usually calculated at 30% of the principal (in the case of the ACS Group we are talking about approximately EUR 173 million). In this case, the disputed parties will try to request the stay of the order, proving that the damage caused by the provisional enforcement would be difficult to repair if the appeal is successful.

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 having submitted a statement of defence and holding the preliminary hearing on 7 February 2022, the Madrid Court of First Instance No. 37 has set the dates for the hearing for 23 and 24 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 trustees in bankruptcy 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 Transport, Mobility and Urban Agenda through SEITTSA — the state-owned land transport infrastructure company — under an agreement signed in August 2017, which was extended in 2018 until 2022, and it is assumed that it will be extended again.

In relation to the concession agreement for the Lima Metro Line 2 Project in Peru, the concession operator Metro de Lima Línea 2, S.A. (in which Iridium Concesiones de Infraestructuras, S.A. holds a 25% interest) filed the following requests for arbitration:

ICSID Arbitration 1: On 16 January 2017, a request for arbitration against the Republic of Peru (Ministry of Transport and Communications) before the International Centre for Settlement of Investment Disputes between States and Nationals of other States ("ICSID") for serious breach by the Republic of Peru of the concession agreement mainly consisting of: (i) the failure by the Concession Area to make delivery under the terms and conditions established in the concession agreement, and (ii) the lack of approval and delayed approval of the Detailed Engineering Studies ("ICSID 1").

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 (concession operator, construction group, rolling stock supplier, etc.). The Republic of Peru dismissed the claims made and included a counterclaim against the concession operator, claiming an amount in excess of USD 700 million for socio-economic and environmental damage.

Both the claim brought by the concession operator against Peru and the counterclaim by Peru against the concession operator have been consolidated into a single arbitration process with the 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 final pleadings were presented by both the concession operator and the State of Peru on 20 September 2019.

On 6 July 2021, the Court issued a partial award through the "Decision on Jurisdiction and Liability", which dismissed the counterclaim of the Republic of Peru and upheld virtually all of the claims of the concession operator, with the final award yet to be handed down on the amount of damages and costs of the proceedings. In particular, the Decision declares that (1) the Republic of Peru has breached its obligation to deliver most of the Areas of Stage 1A and all of the Areas of Stages 1B and 2 within the periods agreed, and (2) the Republic of Peru has breached its contractual obligations regarding the procedure for overseeing and approving the Detailed Engineering Studies, and that the Republic of Peru has failed to properly exercise its contractual supervisory role. With regard to damages due to delays, the claim for damages due

to delays in relation to Stages 2 and 1B is fully upheld and partially upheld for Stage 1. On 11 August 2021, the Court issued Procedural Order No. 8 instructing the experts of the concession operator and of Peru to perform additional calculations based on the findings set forth in the Decision. On 11 October 2021, following the Court's procedural order, based on the delays determined by the Court in the Decision, the concession operator reduced its claim from USD 109.0 million to USD 84.7 million and the other members of the consortium other than the concession operator also made an adjustment to the damages initially claimed. On 30 December 2021, the concession grantor submitted to the Court its response to the concession operator's adjusted damage calculations, rejecting most of these damages and submitting much lower alternative calculations. On 31 January 2022, the Parties submitted a joint WACC Calculator to the Arbitral Tribunal and, subsequently, each party has submitted its own "instructions" for using the Calculator. The award for damages is expected to be issued in the first half of 2022.

ICSID Arbitration 2: On 2 August 2021, the concession operator filed a new request for arbitration against Peru with the ICSID Secretariat, following the expiration of the 6-month period for direct negotiations as required by the concession agreement. As in the case of ICSID 1, this claim is mainly for serious breach by the Republic of Peru of the Concession Agreement for (i) the failure by the Concession Area to make delivery, and (ii) the lack of approval and delayed approval of the Detailed Engineering Studies under the terms and conditions established in Addendum 2 to the Concession Agreement, as well as the updated cost overruns, and harm and loss incurred after the cut-off dates considered in ICSID 1 ("ICSID 2"). Once the various experts have been contracted, the definitive formation of the Arbitral Tribunal will take place once the President has been appointed.

ICSID Arbitration 3: On 15 November 2021, the concession operator filed a new request for arbitration against Peru with the ICSID Secretariat, following the expiration of the 6-month period for direct negotiations as required by the concession agreement. The claim filed against Peru is regarding the dispute over (i) the lack of approval of the Polynomial Formulas for the adjustment to the Work Progress and Provision Progress, (ii) the delay in the certification and payment of the adjustments arising from the application of these Polynomial Formulas, and (iii) the economic and financial loss due to the delay in payment of the adjustments ("ICSID 3"). Currently, the process of contracting experts and selecting arbiters is being completed.

On 3 December 2015, the CNMC handed down a judgment in the proceedings against various companies, including Dragados, S.A., for alleged anti-competitive practices in relation to the modular construction business. The amount of the decision, which totals EUR 8.6 million, was the subject of an appeal filed in 2016. On 12 November 2021, the National Appellate Court handed down a judgment dismissing the appeal and confirming the liquidated damages. On 17 January 2022, it was announced that an appeal would be filed with the Supreme Court against the judgment. The Group's Management considers that its potential effect will not be significant.

On 1 October 2018, an accusation was brought against Dragados and other companies for possible infringements of section 1 of the Spanish Competition Law (Ley de Defensa de la Competencia) 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 field of tenders called by the various public authorities in Spain for the construction and refurbishment of infrastructures and buildings. On 16 July 2020, this accusation was declared to have exceeded its validity, although on 6 August 2020 a new accusation was brought in relation to the same facts as the expired accusation. On 16 September 2020, Dragados filed an appeal for judicial review against the ruling that decreed the expiration, which was admitted on 9 October 2020, with the claim being filed on 16 December 2020. On 6 July 2021, the Directorate of Competition of the CNMC issued a new preliminary ruling for the new accusation with proposed liquidated damages of EUR 58 million, indicating that the company could also be banned from entering into contracts with public authorities. The corresponding pleadings have been submitted against this preliminary ruling. The Group's Management considers that the final ruling on this matter is unlikely to have a significant effect on the company.

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
CL RJ 004 004 Empreendimentos e Participações S.A.
Pirapora 1 GD Parque Solar, S.A.
Aracuai 1 GD Parque Solar, S.A.
Varjao de Minas 1 GD Parque Solar, S.A.
Bocaiuva 1 GD Parque Solar, S.A.
Mirabela 1 GD Parque Solar, S.A.
Belmonte Solar Holding, S.A.
Cristino Castro Holding, S.A.
Turner-MCN St Elizabeths New Hospital JV
Turner Pike Joint Venture
Saturn Partner LLC
Turner - One Way
Cimic Group Investments No.3 Pty Limited
Icc Infrastructure Pty Ltd
Leighton Companies Management Group Llc
Leighton Contractors (Philippines), Inc.
Leighton Services Uae Co Llc
Pacific Partnerships Investments 2 Pty Ltd
Pacific Partnerships Investments 2 Trust
Thai Leighton Limited
CPB Downer EDI JV
Etra Colombia, S.A.S.
Madrid PV (Pty) Ltd.
Sativa Green Plant, S.L.
Mundo Novo Solar Holding, S.A.
Eólica del Caribe Mexicano, S.A. de C.V.
Xadrez Renovaveis Holding, S.A.
Gordonia Solar PV (Pty)
Duneveld PV (Pty) Ltd.
Hari PV (Pty) Ltd.
Bushmanland PV (Pty) Ltd.
CS Gas North, S.L.
Cymi Transmissão de Energia, S.A.
IRTE - Integrateur de Reseaux Tele, S.A.S.
Etra Air, S.L.
Cobra South Africa Gas Pty
Cobra South Africa Holdings Pty
Control de Seguridad Inteligente, S.L.
Perfect Care (HOLDINGS) Limited
Perfect care Limited
Glenrowan Solar Farm Pty Ltd
Glenrowan Solar Holdings Pty Ltd
Itco Pty Ltd
Pacific Partnerships Energy Pty Ltd
IEC Boardwalk JV
Spark NEL DC JV
IC Integrity Pty. Ltd.
Flatiron / United JV
Clark Turner Dawson Creek JV
Mckissack Turner Velez A Tri Venture

Gilbane Turner JV
 Turner - Janey Joint Venture
 Turner-d'Escoto-Powers & Sons-Cullen Joint Venture (Chicon Collaborative)

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.
Nalanda Global, S.A.
Cymimasa, S.A.
Libergia, S.L.
Hochtief Development Hungary Kft.
Hochtief Presidio Holding Llc
Golden Link Concessionaire Llc
Devine Building Management Services Pty Ltd
Leighton Contractors (China) Limited
Sedgman Malaysia Sdn Bhd
UGL Rail Fleet Services Pty Limited
LCIP Co-Investment Unit Trust
Mulba Mia Leighton Broad Joint Venture
Leighton - China State - Van Oord Joint Venture
New Generation Sitems S.R.L.
Innovantis, S.A.
Brisa Esparsa - Energias Renováveis Unipessoal, Lda.
Celtic Roads Group (Waterford) Limited
Sarl Ofiteco Argelia
Sice Llc.
Sociedad Ibérica de Construcciones Eléctricas en Chile, Spa
Telcarrier, S.A.
Liquetine, S.L.
Sete Lagoas Transmissora de Energia Ltda.
Giovanni Sanguinetti Transmissora de Energia, S.A.
Veredas Transmissora de Electricidade, S.A.
Maessa France SASU
Heath Lodge Care Servc LTD
Central Solar Termoeléctrica Cáceres, S.A.U.
Bonete Fotovoltaica 1, S.L.U.
Geocisa USA Inc.
Dragados Obra Civil y Edificac México S.A de C.V.
Acainsa, S.A.
Lucampa, S.A.
Gestifisa, S.A. Unipersonal
Residencial Leonesa, S.A. Unipersonal
Switchgear & Substation Alliance Ltd.
CIS-WRC, LLC
Cobra Servicios, Comunicaciones y Energía, S.L.U.
Vetra MPG Holdings, 2 LLC.
Vetra MPG Holdings, LLC
Cobra Instalaciones y Servicios, S.A.

Cobra Infraestructuras Internacional, S.A.
Argencobra, S.A.
Atil-Cobra, S.A.
Cobra Bolivia, S.A.
Emplogest, S.A.
Serpista, S.A.
Gerovitae La Guancha, S.A.
Cobra Servicios Auxiliares, S.A.
Humiclíma Est, S.A.
Humiclíma Caribe Cpor A.Higüey
Humiclíma Jamaica Limited
Humiclíma Mexico, S.A. de C.V.
Opade Organizac. y Promoc de Actividades Deport, S.A.
Cobra Sistemas de Seguridad, S.A.
Coinsmar Instalaciones y Servicios SARLAU
Cobra Sistemas y Redes, S.A.
Hidráulica del Chiriqui, S.A.
Iberoamericana de Hidrocarburos, S.A. de C.V.
Cobra Chile Servicios, S.A.
Avanzia Areas Territoriales, S.A. de C.V.
Cobra Perú,S.A.
Cobra Industrial Activities, Inc.
Cobra Proyectos Singulares, S.A.
Servicios Logísticos y Auxiliares de Occidente, S.A.
Soluciones Auxiliares de Guatemala, S.A.
Soluc Eléctricas Integr de Guatemala, S.A.
Humiclíma Panamá, S.A.
Cobra Brasil Serviços, Comunicações e Energia, S.A.
Instalaciones de Construcción Cobra, S.A.
Consortio Especializado Medio Ambiente, S.A.de C.V
Repotenciación C.T. Manzanillo, S.A. de C.V.
Ing d Transp y Distrib de Energ Elect, S.L. (Intradel)
COICISA Industrial, S.A. de C.V.
Instalaciones y Servicios INSERPA, S.A.
Moncobra, S.A.
Concesionaria Angostura Siguan, S.A.
Hidráulica Río Piedra, S.A.
Remodelación el Sauz, S.A. de C.V.
Actividades y Servicios, S.A.
Trigeneración Extremeña, S.L.
Planta de Reserva Fría Eten, S.A.
Spcobra Instalações e Serviços, Ltda.
Cobra Great Island Limited
Cobra Georgia, Llc.
Engemisa Engenharia Limitada
Cobra Group Australia Pty Ltd.
Taxway, S.A.
Moncobra Constructie si Instalare, S.R.L.
Moncobra Dom
Instalaciones y Servicios Uribe Cobra, S.A. de C.V
EPC Plantas Fotovoltaicas Lesedi y Letsatsi, S.L.
Conyceto Pty, Ltd.
Firefly Investments 261
Remodelación Diesel Cadereyta, S.A. de C.V.

Cogeneración Cadereyta, S.A. de C.V.
Cobra Construcciones y Servicios Perú, S.A.
Cobra Railways UK Limited
Tedagua Mexico, S.A. de C.V.
Alianz Petroleum S de RL de CV
Monclova Pirineos Gas, S.A. de C.V.
Petrolíferos Tierra Blanca S.A., de C.V.
Oleorey, S.A. de C.V.
Conyblox Proprietary Limited
Dankocom, Pty Ltd
Avanzia Operaciones S.A. de C.V.
Avanzia Recursos Administrativos, S.A. de C.V.
ASON Electrónica Aeronautica S.A.
Petrointegral S.A.P.I. de C.V.
Oilserv S.A.P.I. de C.V.
Avanzia S.A de C.V.
Dragados Proyectos Industriales de Méjico S.A. de
Serpimex S.A. de C.V.
Comercial y Servicios Larco S.A.
Cobra Brasil Construcoes, S.A.
O&M Plantas Fotovoltaicas Lesedi y Letsatsi, S.L.
Fides Facility Services, S.L.
Gercobra GMBH, S.L.
Cobra Industrial Services Pty
O&M Lesedi PV Plant Pty Ltd
O&M Letsatsi PV Plant Pty Ltd
Tedagua Singapore Pte.Ltd.
Al Hamra Water Co LLC
Humiclíma Barbados, Ltd
Fides Hispalía Servicios Generales, S.L.
Afelco Engineering, S.L.
Cobra Wind Intenacional, Ltd
Cobra Instalaciones y Servicios Malaysia SDN BHD
Cobra Infraestructuras Hidráulicas Peru, S.A.
Mantiqueira Trasmisora de Energia, S.A.
Iberoamericana de Hidrocarburos CQ Exploración & Producción, S.A.S.
Avanzia Sistemas, S.A. de C.V.
Humiclíma St Lucia, Ltd
Iberoamericana Hidrocarburos CQ Exploración & Producción, S.A C.V.
Red Eléctrica del Norte, S.A.
Caitan Spa
Seratype
Cobra Cote D'Ivoire Sarl
Avanzia Exploración y Producción, S.A. de C.V.
Instalac y Serv Uribe-Cobra Panama, ISUC Panama, S.A.
Cuyabenopetro, S.A.
Grupo Cobra East Africa Limited
Servicios Integrales de Mantenimiento, S.A.
Soluciones logísticas Auxiliares, S.A.
Soluciones Eléctricas Auxiliares, S.A.
Istoguard Pty Ltd
Ingweguard Pty Ltd
Cobra Oil & Gas, S.L.U.
Cobra Industrial Japan, Co Ltd.

Cobra Tedagua Contracting LLC
GS Oil and Gas SAPI de CV
Fides Acerca Facility Services, S.L.
Construcciones de las Conducciones, S.A.U. (Cotronic)
Cymi Mejico Sc, S.A. de C.V.
Fides Facility Services, S.A.
Cobra Industrial Services, LLC
Maessa Naval, S.L.U.
Offshore Wind Limited
Taif Independent Water Plant
Energia e Sust. Do Brasil, S.A.
Humiclíma Est Benin
Humiclíma Adbidjan
Operadora Caitan Spa
Transferable Backlog Projects, S.L.
ISUC Residencial, S.A. de C.V.
Hidrocaleras, S.L.
Taif Independent Construction Company
Taif Independent O & M
Humiclíma Guadalupe, SAS
Moncobra France SAS
Instalaciones y Servicios Moscardó, S.L.U.
Instalaciones y Servicios Moscardó I, S.L.U.
Instalaciones y Servicios Moscardó II, S.L.U.
Instalaciones y Servicios Moscardó III, S.L.U.
Instalaciones y Servicios Moscardó IV, S.L.U.
Instalaciones y Servicios Moscardó V, S.L.U.
Servicios Integrales Cobra, S.L.U.
Servicios Integrales Cobra I, S.L.U.
Servicios Integrales Cobra II, S.L.U.
Servicios Integrales Cobra III, S.L.U.
Servicios Integrales Cobra IV, S.L.U.
Servicios Integrales Cobra V, S.L.U.
Salto Fotovoltaico Holding, S.L.
Arenas Solar, S.A.
Salto Solar, S.A.
Ladogustix
Parque Solar Fotovoltaico Lora I, S.L.
Parque Solar Fotovoltaico Lora IV, S.L.
Bruma Energy Fotovoltaico, S.L.
Bruma Energy
Parque Solar Fotovoltaico Gallego I, S.L.
Mochis PV
Parque Solar Fotovoltaico Gallego II, S.L.
Saltillo FV
Luya Solar Holding, S.L.
Parque Solar Fotovoltaico Herrera II, S.L.
Parque Solar Fotovoltaico Herrera I, S.L.
Parque Solar Fotovoltaico Murcia 1, S.L.
Parque Solar Fotovoltaico Ronda I, S.L.
Parque Solar Fotovoltaico Ronda II, S.L.
Belwood Spain, S.L.
Pandomix (Pty), Ltd.
Hummansrus I

Donley Invest, S.L.
Pandonox (Pty) Ltd
Hummansrus II
Culmore Invest, S.L.
Elmocode (Pty) Ltd
Fairview Investment, S.L.
Elmocol (Pty) Ltd
Elmovert (Pty) Ltd
Bow Power Invest, S.L.
Sirbow México Serv. Admon
Sirbow México S. de R.L. de CV
Tacuarembó Solar, S.A.
Sirbow Uruguay, S.A.
Bow Power Sudáfrica (Pty) Ltd.
Valdehiero Parque Solar, S.L.
Dunas Solar Holding, S.L.
Solatio Energia Gestao de Projetos de Belmonte I Ltda.
Solatio Energia Gestao de Projetos de Belmonte II Ltda.
Cobra Sweden AB
Humiclíma Grenada, Ltd.
Cobra Tecton Private Limited
Richards Bay Gas Power 2 Pty
Ingwepath Pty
Istofon Pty
Vive Energía Suministro SAPI de CV
Pirapora 1 GD Parque Solar, S.A.
Aracuai 1 GD Parque Solar, S.A.
Varjao de Minas 1 GD Parque Solar, S.A.
Bocaiuva 1 GD Parque Solar, S.A.
Mirabela 1 GD Parque Solar, S.A.
Belmonte Solar Holding, S.A.
Cristino Castro Holding, S.A.
Bow Power Perú, S.R.L.
Madrid PV (Pty) Ltd.
Mundo Novo Solar Holding, S.A.
Eólica del Caribe Mexicano, S.A. de C.V.
Xadrez Renovaveis Holding, S.A.
Gordonia Solar PV (Pty)
Duneveld PV (Pty) Ltd.
Hari PV (Pty) Ltd.
Bushmanland PV (Pty) Ltd.
CS Gas North, S.L.
Taioberas 1 GD Parque Solar Ltda
Proyectos e Instalaciones Cobra I, S.L.U.
Proyectos e Instalaciones Cobra II, S.L.U.
Proyectos e Instalaciones Cobra III, S.L.U.
Proyectos e Instalaciones Cobra IV, S.L.U.
Proyectos e Instalaciones Cobra V, S.L.U.
Cobra South Africa Gas Pty
Cobra South Africa Holdings Pty
Sarl Maintenance Cobra Algeria
Instalcobra
Tedagua
Cobra Infraestructuras Hidráulicas S.A.

Injar S.A.
Moncobra Perú
OCP Perú
ACS Perú
Cobra Instalações e Serviços, Ltda.
Actividades de Instalaciones y Servicios Cobra SA
Cobra Rep. Dominicana
Actividades de Montajes y Servicios S.A. de C.V.
Instcobra (Ecuador)
Instalaciones y Servicios Codeni, S.A.
Instalaciones y Servicios Codepa, S.A.
Percomex
Coinsal Instalaciones y Servicios S.A. de C.V.
Codehon Instalaciones y Servicios S de RL
Hidrolazan
Avanzia Instalaciones S.A. de C.V.
Cobra Instalaciones y Serv. India PVT
Cobra Concesiones Brasil S.L.
Eolfi Greater China Co ,Ltd.
Renovables Spínola II, S.L.U
Renovables Spínola III, S.L.U
Cobra Gestión Infraestructuras Internacional, S.L.U.
Solar Oufico Requena, S.L.
Solar Merope Requena, S.L.
Fotovoltaica Casiopea Requena, S.L.
Fotovoltaica Alcor Requena, S.L.
Solar Acamar Requena, S.L.
Solar Acrab Requena, S.L.
Villonacoenergy, S.A.
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.
Cobra Gestión de Infraestructuras S.A.U.
Cobra Concesiones S.L.
Control y Montajes Industriales de Méjico S.A. de
Servicios Cymimex S.A. de C.V.
Tedra Australia Pty. L.T.D.
Energías Renovables de Ricobayo S.A.
P.E.Donado S.L.
Aldebarán S.M.E. S.A.
Desarrollos Energéticos Asturianos S.L.
Centro de Control Villadiego S.L.
Vieyra Energía Galega S.A.
Recursos Eólicos de Mexico S.A. de C.V.
Energía y Recursos Ambientales Internacional S.L.
Energías Renovables Andorranas S.L.
Parque Eólico La Val S.L.

Parque Cortado Alto S.L.
Energía y Recursos Ambientales de Perú S.A.
Montrasa Maessa Asturias S.L.
Cobra Msa Ltd.
Semi Israel
ACS Servicios Comunicac y Energía de México SA CV
CCR Platforming Cangrejera S.A. de C.V.
Electricidad Eleia, S.L.
Zero-E Proyectos Visigodos, S.L.U.
PV XII Teudiselo, S.L.U
PV XIII Agila, S.L.U
PV XIV Atanagildo, S.L.U
PV XV Liuva, S.L.U
PV XVI Leovigildo, S.L.U
PV XVII Recaredo, S.L.U
PV XVIII Witerico, S.L.U
PV XIX Gundemarro, S.L.U
PV XX Sisebuto, S.L.U
PV XXI Suínthila, S.L.U
PV XXII Sisenando, S.L.U
PV XXIII Chintila, S.L.U
PV XXIV Tulga, S.L.U
PV XXV Chindasvinto, S.L.U
PV XXVI Recesvinto, S.L.U
PV XXVII Wamba, S.L.U
PV XXVIII Ervigio, S.L.U
PV XXIX Égica, S.L.U
PV XXX Witiza, S.L.U
PV XXXI Rodrigo, S.L.U.
PV II Sigerico, S.L.U.
PV III Walia, S.L.U.
PV IV Teodoredó, S.L.U.
PV V Teodorico, S.L.U.
PV VI Turismundo, S.L.U.
PV VII Eurico, S.L.U.
PV VIII Alarico, S.L.U.
PV IX Gesaleico, S.L.U.
PV X Amalarico, S.L.U.
PV XI Theudis, S.L.U.
Palmares Investment, S.L.
Alcañiz Solar
Caliza Solar
Navabuena
Pucela Solar
Valdealiño Solar
Area de Agra
Cantarranas Solar
Alabastro Solar
Entrepinos Solar
Overuela Solar
Pintia Solar
Andarrios
Taburete Solar, S.L.U
Sistema Fotovoltaico de Levante, S.A.U.

Ictio Solar Perseus, S.L.
Ictio Solar Orión, S.L.
Peaker Solar, S.L.U.
P.E. Monte das Aguas S.L.
Energía Olmedo - Ourense. Fase I S.A.
Titán 2020,S.A.
Zero-E Spanish PV 1
Esplendor Solar, S.L.
Hazaña Solar, S.L.
Logro Solar, S.L.
Palabra Solar, S.L.
Talento Solar, S.L.
Planta Solar Alcázar 2, S.L.
Emoción Solar S.L.U.
Envitero Solar S.L.U.
Escarnes Solar S.L.U.
Escatron Solar Dos, S.L.U.
Ignis Solar Uno. S.L.U.
Mediomonte Solar, S.L.U.
Mocatero Solar, S.L.U.
Energías Ambientales de Soria S.L.
Ribagrande Energía S.L.
Robledo Eólica S.L.
Energía Sierrezuela S.L.
Valdelagua Wind Power S.L.
Parque Eólico de Valdecarro S.L.
Planta Solar Alcázar 1, S.L.
Energía Faeton, S.L.
Energía de Suria, S.L.
Instalaciones y Servicios Spínola I, S.L.U
Instalaciones y Servicios Spínola II, S.L.U
Renovables Spínola I, S.L.U
Ictio Toledo Solar, S.L.U.
Ictio Solar, S.L.U.
Ictio Solar Auriga, S.L.U.
Ictio Manzanares Solar, S.L.U.
Ahin PV Solar, S.L.U.
Ictio Solar Andromeda, S.L.U.
Ictio Solar Berenice, S.L.U.
Chimarrao Transmissora de Energia, S.A.
Procme S. A.
Cme S. A.
Tecneira S. A.
Enipro S. A.
Cme Angola S. A.
Imocme S. A.
Afta S. A.
Agadirver
Tecneira Novas Enerias SGPS S.A.
Ciclo Combinado Lares ACE
CM- Constricoes LTDA
CME Cabo Verde S.A.
Biorio Lda.
Rioparque Lda.

Gestão de Negócios Internacionais SGPS S.A.
Small Medium Enterprises Consulting B.V.
CME Perú S.A.
Enervouga - Energias do Vouga Lda.
Hydrotua - Hidroelectricas do Tua Lda.
OKS Lda.
Procme Southern Africa do Sul
CME Southern Africa do Sul
Optic1
Restel, SAS
Procme Madeira S. A.
Sunbee I - Energias Renováveis, Unipessoal Lda.
Sunbee II - Energias Renováveis, Unipessoal Lda.
Sunbee III - Energias Renováveis, Unipessoal Lda.
Sunbee IV - Energias Renováveis, Unipessoal Lda.
Sunbee V - Energias Renováveis, Unipessoal Lda.
IRTE - Integrateur de Reseaux Tele SAS
Control y Montajes Industriales S.A.
Cymi Seguridad S.A.
Enelec S.A.
Control y Montajes Industriales Cymi Chile Ltda.
Cymi Industrial INC.
Cymi DK LLC
Cymi Canada. INC.
Internacional de Pipelines, DAIP, S.L.
Masa Méjico S.A. de C.V.
SAS Controle et Montages Industriels
Mantenimiento y Montajes Industriales S.A. (Masa)
Dragados Industrial Algeria S.P.A.
Masa Algeciras S.A.
Masa Galicia S.A.
Masa Huelva S.A.
Sistemas Integrales de Mantenimiento S.A.
Masa Norte S.A.
Masa Puertollano S.A.
Masa Servicios S.A.
Masa Tenerife S.A.
Masa do Brasil Manutenção e Montagens Ltda.
Masa Maroc s.a.r.l.
Energia Olmedo - Ourense. Fase I S.A.
Cymi Brasil, S.L.
Cymi do Brasil Ltd.
Cymi O&M Ltda.
Cymi Tech Soluções e Sistemas Ltda
Triana do Brasil Projetos e Serviços Ltda.
Cymi Construções e Participações, S.A.
Mantiqueira Transmissora de Energia S.A.
Transmissora Sertaneja de Electricidade, S.A.
Chimarrao Transmissora de Energia, S.A.
Pampa Transmissão de Energia S.A.
Dunas Transmissão de Energia S.A.
Cymi Saneamento e Participações, S.A.
Cymi Transmissão de Energia S.A.
Dragados Industrial S.A.U.

Dragados Industrial Canada Inc.
Dragados Construc. Netherlands S.A.
Initec Energía S.A.
Initec Energía Ireland LTD.
Initec Energía Maroc, SARLAU
Intecsa Ingeniería Industrial S.A.
Incro S.A.
Avanzia Ingeniería S. A. de C. V.
Dragados Gulf Construction Ltd.
Makiber S.A.
Consortio Makim
Makiber Gulf LLC
Odelga Medical Engineering GmbH
Makiber Belgium
EDAR Cádiz San Fernando (AIE)
Electronic Trafic, S.A.
Equipos de Señalización y Control S.A.
Etra Bonal S.A.
Etra Investigación y Desarrollo S.A.
Etralux S.A.
Etranorte S.A.
Lumicán S.A.
Murciana de Tráfico S.A.
Etra traf, S.A.
Hidrogestión S.A.
Monelec S.L.
Etra Interandina
Electromur S.A.
Emur tel S.A.
Consortio de Telecomunicaciones Avanzadas S.A.
Insidetra, S.A. de C.V.
Etracontrol S.L.
Electronic Trafic de Mexico S.A. de C.V.
Etrabras Mobilidade e Energia Ltda.
Idetra S.A. de C.V.
Etra France SAS
Etra Deutschland GmbH
Mundo Nuevo DV, S.A. de C.V.
Zonair3D, S.L.
Energía y Servicios Dinsa III, S.L.U.
Etra Colombia, S.A.S.
Etra Air, S.L.
Plataforma Integral Movilidad Madrid A.I.E.
Gestión Inteligente de Cargas S.L.
API Movilidad S.A.
API Fabricación S.A.
Trafiurbe S.A.
Viabal Manteniment i Conservacio S.A.
Empresa Mantenimiento y Explotación M-30 S.A.
Madrid Calle 30 S.A
Parking libre sistema de reservas, S.L
ImesAPI S.A.
Albatros Logistic S.A.
Cosersa S.A.

Dimática S.A.
Trabajos de Movilidad S.A.
Sermicro S.A.
Serveis Catalans Serveica S.A.
Desarrollo Informático S.A.
Grupo Imesapi S.L.
Albatros Logistic Maroc S.A.
Audeli
Ecocivil Electromur G.E. S.L.
ImesAPI Maroc
Instalacion y mantenimiento de dispositivos, S.A.
Midasco Llc.
Sermicro do Brasil Servicos e Informática Ltda.
Hiez Hornidurak, Instalazioak eta Zerbitzuak S.A.
Plataforma Integral Movilidad Madrid A.I.E.
Imesapi S.A.C.
Sermicro Perú S.A.C.
Consortio Santa María
Consortio Saneamiento INCA
Consortio Makim
Avanzia Soluciones y Movilidad, S.A. de C.V.
Carreteras de Coahuila y San Luis
Consortio Ejecutor Lima
Operadora de Carreteras de Coahuila y San Luis
Copemobe, S.L.
Costeraneo, S.L.
Fanelate, S.L.
Libaquera, S.L.
Azius Luz S.L
Belenus Luz S.L
Celeritas Luz S.L
Ignis Luz S.L
Ilio Luz S.L
Taxos Luz
Dirdam Luz S.L
Imapex S.A de C.V
Sermicro Colombia S.A.S
Sermicro France, S.A.S
Venelin Colombia SAS
Maetel Instalaciones y Servicios Industriales S.A.
Maetel Peru S.A.C.
Maetel Saudi Arabia Construction Company Limited
Maetel Japan KK
Maetel Construction Japan KK
Aratel Energias Renovables, S.L.
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.
AMR 6 Energias Renovables, S.L.
AMR 7 Energias Renovables, S.L.
AMR 8 Energias Renovables, S.L.
AMR 9 Energias Renovables, S.L.

AMR 10 Energias Renovables, S.L.
AMR 11 Energias Renovables, S.L.
AMR 12 Energias Renovables, S.L.
AMR 13 Energias Renovables, S.L.
Avanzia Energía, S.A. de C.V.
Dragados Offshore S.A. (Offshore)
Dragados Offshore de Méjico S.A. de C.V.
Dragados Offshore USA Inc.
Asistencia Offshore S.A.
Dragados Micoperi Offshore S A P I De C.V.
Soc. Española de Montajes Industriales S.A. (Semi)
Semi Maroc S.A.
Mexsemi S.A. de C.V.
France Semi S.A.
Alfrani S.L.
Algarmo S.R.L.
SEMI Panamá S.A.
Semona S.R.L.
Semi Ingenieria S.r.L.
SEMIUR Montajes Industriales S.A.
Semi Chile Spa
Semi Peru Montajes Industriales S.A.C.
Semi Procoin Solar Spa
SEMI Saudi
Semi El Salvador Limitada de Capital Variable
Semi Israel
SEMI Engineering Germany GmbH
Energia Olmedo - Ourense. Fase I S.A.
Dyctel Infraestructuras de Telecomunicaciones S.A.
Dragados Telecomunicaciones Dyctel Brasil Ltda.
Sice Tecnología y Sistemas S.A.
Enclavamientos y Señalización Ferroviaria Enyse, S.A.U.
Moyano Telsa Sist Radiantes y de Telecomunicaciones, S.A.
Sociedad Ibérica de Construcciones Eléctricas S.A.
Sociedad Industrial de Construcciones Eléctricas S
Sice Sudáfrica Pty. Ltd.
Sumipar S.A.
Sistemas Sec S.A.
Sice PTY. Ltd.
Soc.Iberica de Construc Eléctricas de Seguridad SL
Societe Industrielle de Construcion Eletrique SARL
Sice Inc
Oficina Técnica de Estudios y Control de Obras S.A
Sociedad Industrial de Construc Eléctricas SL Ltda
Sice Energía S.L.
Mexicana de Servicios Auxiliares S.A. de C.V.
Sice NZ Limited
Moyano Maroc SRALU
Salam Sice Tech Solutions Llc.
Operadora OCACSA-SICE S.A. de C.V.
Sice Canada Inc.
Consortio Sice Disico
Consortio Ofiteco Geoandina
Ecisa Sice Spa

Consortio Tunel del Mar
Consortio Tráfico Urbano de Medellín
SICE Ardan projects
Ofiteco-Gabi Shoef
SPA Mobeal
Sice Vaan
Osipass, S.A. de C.V.
SICE Nordics AB
Hochtief Vicon Quatar W.L.L.
1. WohnArt-Projektentwicklung GmbH & Co. KG
Devine Bacchus Marsh Pty Ltd
Boggo Road Project Pty. Ltd.
Boggo Road Project Trust
Shaped NZ Hold GP Limited
Shaped NZ Hold LP
Leighton - China State - Van Oord Joint Venture
Mulba Mia Leighton Broad Joint Venture
Turner Sabinal JV (SAISD 2010 Bond Program)
Turner- Gilbane
Turner Clayco Brampton JV
Turner - Eastern York Annex Joint Venture
Tishman-Turner Joint Venture II

Individual financial statements

Basis of the presentation of the selected individual financial information

Accounting standards applied

The Selected Individual Financial Information (the "Selected Financial Information") has been prepared in accordance with current commercial laws and the General Accounting Plan 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).

This Selected Financial Information does not include all the information required by complete the separate financial statements prepared 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 Condensed Consolidated Financial Statements in the report that it is submitting. Accordingly, the Selected Financial Information must be read together with the Company's Consolidated Annual Accounts for the year ended 31 December 2020, and together with the Condensed Consolidated Financial Statements for the period from 1 January 2021 to 31 December 2021.

In relation to the preparation of the Selected Individual Financial Information, pursuant to the consultation published by the Spanish Accounting and Audit Institute (ICAC) in its Official Gazette, issue number 79, September 2009, it should be noted that the dividends received and the interest earned from the financing granted to the investees are considered revenue.

The breakdown of the individual revenue is as follows:

	Thousands of Euros	
	2021	2020
Dividends from Group companies and Associates	4,963,046	845,554
Dividends from long-term financial investments	230	223
Services rendered	10,749	12,439
Total	4,974,025	858,216

This Selected Individual Financial Information has been prepared with reference to the publication of the semi-annual financial report required under section 35 of Spanish Law 24/1998, of 28 July, on the Securities Market (Ley 24/1998 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 financial statements presented for 2021 have been prepared in accordance with the applicable accounting principles, provide a true and fair view of the equity, financial position and income of ACS, Actividades de Construcción y Servicios, S.A. and of the companies included in the scope of consolidation as a whole, and that the directors' report contains a fair analysis of the required information.

Date of declaration: 24 February 2022.

Florentino Pérez Rodríguez (Chair and CEO)	Antonio García Ferrer (Vice Chair)
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 (General Director Secretary)	

Declaration of responsibility

The directors declare that, to the best of their knowledge, the condensed financial statements presented for 2021 have been prepared in accordance with the applicable accounting principles, provide a true and fair view of the equity, financial position and income of ACS, Actividades de Construcción y Servicios, S.A., and that the directors' report contains a fair analysis of the required information.

Date of declaration: 24 February 2022.

Florentino Pérez Rodríguez (Chair and CEO)	Antonio García Ferrer (Vice Chair)
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